

# PROSPECTS FOR DEMOCRACY IN CUBA

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**HEARING**  
BEFORE THE  
**SELECT COMMITTEE ON INTELLIGENCE**  
OF THE  
**UNITED STATES SENATE**  
**ONE HUNDRED THIRD CONGRESS**  
**FIRST SESSION**  
ON  
**PROSPECTS FOR DEMOCRACY IN CUBA**

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**THURSDAY, JULY 29, 1993**

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# PROSPECTS FOR DEMOCRACY IN CUBA

THURSDAY, JULY 29, 1993

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 3:58 o'clock p.m., in Room SD-406, Dirksen Senate Office Building, the Honorable Dennis DeConcini, Chairman of the Committee, presiding.

Present: Senators DeConcini, Kerrey, Graham, Warner, Gorton, and Chafee.

Also Present: Norman Bradley, Staff Director; David Addington, Minority Staff Director/Counsel; Britt Snider, Chief Counsel; Kathleen McGhee, Chief Clerk; and Chris Straub, Fred Ward, Art Grant, Jim Wolfe, David Halperin, Chris Mellon, Edward Levine, Tim Carlsgaard, Michael Hathaway, Gary Sojka, Jennifer Sims, Don Mitchell, Judy Ansley, Charles Battaglia, Al Cumming, William Griffies, Chip Walgren, and Rich Arenberg, Staff Members.

Vice Chairman WARNER. Ladies and gentlemen, I am the Vice Chairman of the Committee. I have just been informed that the Chairman may be detained further on the Floor, since the bill being brought up is his area of responsibility. So we will go forward with the hearing. I think it is an important one. Our esteemed colleague from Florida has quite an interest in this subject, as do other Members of the Committee.

The United States, relentlessly, for years, has been trying, trying to instill in Cuba democracy and freedom, and that will continue. We have no desires of any territorial gains. We seek simply to instill freedom and democracy to hopefully improve the constantly degrading lifestyle of the people in that sad nation.

Senator, would you care to make a few opening remarks?

Senator GRAHAM. Thank you, Senator.

I appreciate the opportunity to participate in this hearing today. I very much want to thank you and Chairman DeConcini for holding this hearing on Cuba and holding it in public. In my judgment, this hearing is important for two reasons. First, it is important because it will give us an opportunity to examine an issue that will increasingly occupy the American public and our government's attention in the weeks and months ahead. We have had a long and unique relationship with Cuba. Not all of it has been pleasant. I hope that we can take advantage of the opportunities which are now emerging, learn from our past mistakes and avoid repeating them. If we can advance that goal today, this hearing will have been a success.

Second, today's hearing is a public hearing. The fact that it is public is not unusual for the Congress, but it is for this Intelligence Committee. The Chairman and Vice Chairman are to be congratulated for their willingness to open up the process when such opening is appropriate. The Intelligence Committee plays a vitally important role in this country's affairs. I do not believe that the American people always appreciate the contribution which the Intelligence Community makes. More open discussions like we will have today can enhance that public appreciation.

Mr. Chairman, I would also like to thank the Director of the Central Intelligence Agency, Mr. Jim Woolsey, and his staff, for their cooperation in organizing this hearing. The CIA, like so many other institutions, is struggling to adapt to the post-Cold War world. Those changes don't always come easily.

Finally, Mr. Chairman, just a word about the importance of this week in Cuban history. Forty years ago this week, Fidel Castro first attempted to seize power through an attack on the Mikada Barracks in Santiago de Cuba. Although Castro finally achieved victory in 1959, that attack forty years ago failed. So obviously has Castro's revolution. After thirty-four and a half years of brutal and dictatorial rule, Castro stands isolated, a political dinosaur in an evolving world.

This is not the time to throw Castro a lifeline and prolong the suffering of the Cuban people. That is why the Congress last year, with the support of President Bush and the support of then-presidential candidate Bill Clinton, overwhelmingly approved the Cuban Democracy Act, which tightens our embargo on Castro while providing new openings to the Cuban people.

Mario Chanez, released earlier this month after serving thirty years in Castro's prison, symbolizes everything that has gone wrong with the revolution. Once Mr. Chanez was a dedicated follower of Castro. Mr. Chairman, he participated in the attack on the Mikada Barracks. Chanez, like so many other Cubans, quickly became disillusioned with Castro's communist rule. His disillusionment cost him dearly. Thirty years of beatings and isolation. Suffering beyond belief. And yet this commitment to aid a free and democratic Cuba remained unshakable. We all share Mr. Chanez' commitment to a democratic Cuba. We all pray that it will soon come to pass.

Thank you, Mr. Chairman.

Chairman DECONCINI. Senator Graham, thank you for the statement, and I apologize to the witnesses and my colleagues here for being tardy. I was working on the Floor in an attempt to get an Appropriations Committee bill up.

I will just make a short statement here.

This afternoon our Intelligence Committee is meeting in open session to consider recent developments in Cuba and their bearings upon the U.S. policy. It is my intention, as Chairman of the Committee, to conduct more hearings of this type in the future.

Since Fidel Castro assumed power in Cuba over a generation ago, the Cold War and the Soviet Union have withered and died. Cuba, which used to be known as the "Albania of the Americas" now belongs to the very select club of dying dictatorships. Perhaps only North Korea is as inwardly focused and out of step with world

trends as Cuba. The despots in the People's Republic of China have at least recognized these international trends and opened their economy to a free market, though not their political system. Albania has become a functioning multi-party democracy. We are even providing foreign aid to the Soviet Union. Stubbornly, however, Fidel Castro continues to preside over his socialist version of "Jurassic Park."

Today we'll examine the impact of U.S. policy on Cuba, its successes as well as its failures, and whether recent developments in Cuba may suggest changes in that policy. President Clinton's continued support of tight economic sanctions in addition to the loss of billions of dollars in aid from the former Soviet Union, has had devastating effects on the Cuban economy. The crown jewel of that government, its health care system, is in shambles.

Fidel Castro's recent decision to reverse his decade-old policy and legalize the ownership and use of U.S. dollars is as dramatic signal of the desperate straits under which he is operating.

While current U.S. policy is clearly having an impact on Cuba and Castro's regime, we also need to look closely at the long term impact of our policies. Are we being forward looking? For instance, Radio Marti, is this the best use of our resources? More importantly, what is our vision of a post-Castro Cuba? We know it will not be a government set up by the United States, but one chosen by the Cuban people. What specifically are we going to do to ensure that the Cuba of tomorrow will be a free and open society answerable to the Cuban people, with a vibrant, multi-party, democratic system and open market system. What can we do to assist in bringing about a successful transition without violent eruption and social upheaval?

Recent editorials suggest that the U.S. policy is outdated, and I want to pursue that. This Senator is not willing to relinquish the stick, if that stick will bring about a free and democratic Cuba.

Our witnesses will help us examine this issue today.

I ask unanimous consent that the balance of my statement be made part of the record.

[The prepared statement of Chairman DeConcini follows:]

#### OPENING STATEMENT OF SENATOR DENNIS DECONCINI

This afternoon the Senate Intelligence Committee is meeting in open session to consider United States policy toward Cuba. It is my intention as Chairman of this Committee to conduct more hearings of this type in the future.

Since Fidel Castro assumed power in Cuba over a generation ago, the Cold War and the Soviet Union have withered and died. Cuba, which used to be known as the "Albania of the Americas," now belongs to a very select club of dying dictatorships. Perhaps only North Korea is as inwardly focused and out-of-step with world trends as Cuba. The despots in the People's Republic of China have at least recognized these international trends and opened their economy to the free market. Albania has become a functioning, multi-party democracy. We are even providing foreign aid to the former Soviet Union. Stubbornly, however, Fidel Castro—dinosaur that he is—continues to preside over his socialist version of "Jurassic Park."

Today we will examine the impact of U.S. policy on Cuba, its successes as well as its failures, and whether there needs to be any modifications in that policy.

President Clinton's continued support of tight economic sanctions, in addition to the loss of billions of dollars in aid from the Former Soviet Union, has had devastating effects on the Cuban economy. The crown jewel of the Castro government, its health care system, is today in shambles. Most neighborhood pharmacy shelves are empty, local clinics are unable to dispense the most basic remedies, such as aspirin,

and a lack of spare parts have disrupted water service and rendered water unsafe to drink from the tap.

Fidel Castro's recent decision to reverse his decades old policy and legalize the ownership and use of U.S. dollars is a dramatic signal of the desperate straits under which he is operating. This may be the beginning of the end as Cuba's tattered economic and social policies begin to unravel. Gorbachev could never have guessed the full impact of his policy of glasnost and perestroika when it was first formulated.

While current U.S. policy is clearly having an impact on Cuba and Castro's regime, we also need to look closely at the long-term impact of our policy. Are we being forward-looking? For instance, Radio Marti has been successful in providing the Cuban people with accurate, unfiltered news and information, but T.V. Marti is almost constantly jammed by the Cuban government. Are there not better uses for that money, especially if the Cubans are able to get T.V. signals from public stations in Miami?

Most importantly, what is our vision of a post-Castro Cuba? We know it will not be a government set up by the United States, but one chosen by the Cuban people. What specifically are we doing to ensure that the Cuba of tomorrow will be a free and open society, answerable to the Cuban people, with a vibrant multi-party, democratic system and open markets? What can we do to assist in bringing about a successful transition without violent eruptions and social upheaval?

Recent editorials suggest that U.S. policy is out-dated. In the words of the Atlanta Constitution, "America has used the stick on Cuba for so long. Aren't we beating a dead horse?" This Senator is not willing to relinquish the stick if that stick will bring a free and democratic Cuba to the Americas. Perhaps, however, we need something more than just a stick for the Cuba of the future. That is the exchange of ideas we look for today, and this Senator is ready to listen.

We have two panels of distinguished witnesses. First we will hear from Brian Latell, NIO for Latin America and Robert S. Gelbard, Principal Deputy Assistant Secretary, Inter-American Affairs, State Department.

Our second group will include: Dr. Jorge I. Dominguez, Professor of Government, Harvard University and Visiting Fellow, Inter-American Dialogue, Washington, D.C., Dr. Anthony P. Maingot, Professor of Society, Florida International University, Miami, FL and Ambassador Jose Sorzano, the Austin Group, Washington, D.C. (Ambassador Sorzano was Senior Director for Latin America on the National Security Council during the Bush Administration).

Gentlemen, we welcome you today and look forward to your testimony. I will turn now to the Vice Chairman, Senator Warner, for any statement he may have.

Chairman DECONCINI. Does the Senator from Virginia have a statement?

Vice Chairman WARNER. I made a brief one just before you arrived. Thank you very much, Mr. Chairman.

Chairman DECONCINI. I thank the Vice Chairman.

The Senator from Nebraska.

Senator KERRY. Mr. Chairman, first of all I want to say how much I appreciate the opportunity to review the situation in Cuba. I appreciate the distinguished witnesses here. I know that Senator Graham of Florida was very instrumental in holding this hearing. I think it is terribly important to have it and it is terribly important as well that we made the decision to hold this hearing in public, because I think it is essential to focus public attention on the problem.

The consensus seems to be building that Castro is a goner, and that when he goes the communist system in Cuba is going to go with him, just as it evaporated in the Soviet Union and Eastern Europe and other places on this planet. We understand that the meltdown is going to have momentous consequences for the people of Cuba; that their nightmare of separation, their nightmare of division and hunger will be over.

But there's also going to be consequences for us. Most of the consequences for us are going to be positive. An open relationship with the Cuban people to include some of the most talented scientists

and athletes and artists in the hemisphere; a new trading partner; a new source of ideas as well as customers. We will all be moved, it seems to me, by the great reunion of Cubans that will follow Castro's demise. We will also be moved by our own reunion with a country so close to us that friendship between us is natural.

But Mr. Chairman, it seems to me that in the past three or four years we have witnessed the tremendous tear of power vacuums unfilled. We see in Bosnia the folly of assuming that somehow, events on their own are going to take care of themselves. It seems to me that we are going to need an aggressive and muscular policy and that we are going to have to take some risks here in the United States.

But the question is what risks do we take and what is our strategy? How can we help Cuba in general avoid the catastrophe, and not just during Castro's downfall, but afterward. The catastrophe in the form of starvation or disease, the catastrophe of mass migration to the United States, or perhaps even a civil war inside of Cuba itself.

We are engaged in something that is quite difficult, and that is, managing a transition—trying to assist in managing the transition. I hope that the—that we are able to avoid seeing headlines that scream next month or next summer about chaos in Cuba, and that somehow we are sitting here unprepared to deal with it.

That is why, Mr. Chairman. I do appreciate very much this hearing and welcome it. This Committee's mission is to warn, and the purpose of us as policymakers is to try to respond to the warning of a sound policy. I hope that we are able both here and in the future to develop the kind of policy that the people of Cuba will say has worked and the people of the United States will say has worked as well.

Chairman DECONCINI. Thank you, Senator.

The Senator from Washington.

Senator GORTON. I'll pass.

Chairman DECONCINI. Thank you, very much.

Before we go to witnesses, I do want to pay particular credit to the Senator from Florida for his initiating these hearings and closed hearings we will also have. It is a timely effort and subject and one that needs to be, I think, thoroughly addressed by the Congress. Thank you, Senator Graham.

We will hear now from Brian Latell, National Intelligence Officer for Latin America, and Robert Gelbard, Principal Deputy Assistant Secretary, Inter-American Affairs, from the State Department. Gentlemen, your full statements will appear in the record. Again, I apologize for keeping you waiting. You may proceed. Let's start with you, Mr. Latell.

[The prepared statement of Mr. Latell follows:]

STATEMENT ON CUBA BY BRIAN LATELL, NATIONAL INTELLIGENCE OFFICER FOR  
LATIN AMERICA

Fidel Castro's Government is in acute distress. The economy has contracted by more than 40 percent since 1989 and is on a course leading to further decline. Largely because this year's sugar harvest is the smallest in 30 years, export revenues will fall to about \$1.6 billion, down from over \$5 billion in 1989.

Moreover, the prospects for much growth in export earnings are poor because of severe shortages of fertilizers and herbicides, the decrepitude of sugar mills and equipment, and mounting transportation problems. Earnings from nickel and other

traditional exports are unlikely to rise much above the levels of recent years because of faltering production and low prices. Non-traditional exports have only marginal prospects unless Cuban scientists were to develop cutting edge pharmaceutical or medical products and market them effectively abroad.

Gross revenues from tourism rose about 33 percent last year to nearly \$400 million, but the net contribution to the economy is relatively small because of high operating costs. Foreign investment of about \$100 million annually between 1990 and 1992 has been largely in the tourist sector.

Cuba is receiving only minimal foreign credits and is unlikely to receive more because its more than \$7 billion hard currency debt to Western creditors has been in arrears since the mid-1980s.

As a result of these financial constraints, imports, which declined by nearly 75 percent between 1989 and 1992, will fall another 20 to 25 percent this year. With food and petroleum constituting nearly two-thirds of import spending, only several hundred million dollars will be available for other purchases, including all consumer needs and military supplies.

Severely curtailed imports of industrial spare parts, machinery and equipment, transportation goods, agricultural inputs, and other critical commodities will further undermine the prospects for economic recovery.

The impact of the economic crisis on the populace has been devastating. Food shortages and distribution problems have caused malnutrition and disease, but although the difficulties of subsisting will intensify, the regime should be able to prevent large-scale starvation. Public health, sanitation, and other services will further deteriorate, additional factories will be idled (more than half already have curtailed production), and those unemployed or underemployed will probably rise to at least half of the labor force. Fuel shortages are now causing daily blackouts of up to 10 to 16 hours in Havana, as well as the virtual collapse of public transportation. Mr. Chairman, only small segments of the population will enjoy any amelioration of these privations.

Cuba's leaders recognize the gravity of the situation and recently initiated new economic reforms that hold some promise for partial relief but which also entail considerable political and social risk. As you know, in a speech on July 26 Castro revealed his intent to legalize the use of dollars in Cuba. Dollarization is likely to increase hard currency remittances from abroad and thus provide some margin of economic relief.

But this change will aggravate social tensions and distinctions in Cuba, in part because only a small percentage of the population will be likely to receive hard currency from abroad. Labor productivity in the peso economy will further erode and inflation will rise. The Cuban government of course will endeavor to control the exchange of dollars. But the danger over time is that dollarization will raise unrealistic popular expectations for even more profound reforms and stimulate what Castro in the past has denounced as "neocapitalist exploitation" by privileged groups.

Castro appreciates that his regime is, to quote a high level government official, "feeding a trojan horse." Asked in a press conference last February if tourism and foreign investment in Cuba might turn out to be destabilizing, Ricardo Alarcon responded; "We have no other choice but to feed the trojan horse. We must take a chance. We are familiar with the social and political price, but the real danger is the economic crisis."

Stated another way, the dilemma is that Castro realizes that potentially destabilizing economic reforms must be implemented because his government will be increasingly at risk if it cannot bring significant relief for the population.

But on the other hand, Castro remains adamantly opposed to profound free market economic reforms, to large-scale private enterprise, and to the reemergence of "neo-capitalism" in Cuba. Mr. Chairman, he continues to place an overriding priority on maintaining the illusion that Cuba is a classless, totally egalitarian society.

Castro is a stubborn man, perhaps all the more so after 34 and a half years in power. In particular, he is loath to permit economic or political reforms like those that were carried out in former communist countries because they would dilute his personal political hegemony. He said as much in his speech on July 26: "We cannot ever commit the mistakes that the socialist countries made, that the USSR committed."

Thank you very much.

#### STATEMENT OF BRIAN LATELL, NATIONAL INTELLIGENCE OFFICER FOR LATIN AMERICA

Mr. LATELL: Thank you very much, Mr. Chairman, Senator Warner, Senator Graham, Senator Kerrey, Senator Gorton. I am de-

lighted to be here to be able to address this Committee, especially on a subject that has been of such special and keen importance and interest to me for about 30 years.

Fidel Castro's government, Mr. Chairman, is in acute distress. The economy has contracted by more than 40% since 1989, and it is on a course leading to further decline. Largely because of this year's sugar harvest being the smallest in 30 years, export revenues will fall to about \$1.6 billion. That is down from over 5% billion in 1989. Moreover, the prospects for much growth in export earnings are poor because of severe shortages of fertilizer and herbicides, the decrepitude of Cuba's sugar mills and equipment, and mounting transportation problems.

Earnings from nickel and other traditional Cuban exports are unlikely to rise much above the levels of recent years, because of faltering production and low prices. And non-traditional exports have only marginal prospects in the future.

Gross revenues from tourism rose about 33% last year to nearly \$400 million, but the net contribution of tourism to the Cuban economy is relatively small because of its high operating costs. Foreign investment of about \$100 million annually over the last few years has been largely in the tourist sector.

Cuba is receiving only minimal foreign credits and its unlikely to receive more foreign credits or large foreign credits because its more than \$7 billion hard currency debt to western creditors has been in arrears since the mid-1980s. As a result of these financial constraints, imports, which declined by nearly 75 percent between 1989 and 1992, will fall another 20 to 25 percent this year. With food and petroleum constituting nearly two-thirds of Cuba's import spending, only several hundred million dollars will be available for all other purchases abroad, including consumer needs and military supplies.

Severely curtailed imports of industrial spare parts, machinery and equipment, transportation goods, agricultural inputs and other critical commodities will further undermine the prospects for Cuba's economic recovery.

The impact of the economic crisis on the populace has been devastating. Food shortages and distribution problems have caused malnutrition and disease. But although the difficulties of subsisting will intensify, the regime should be able to prevent large scale starvation. Public health, sanitation, and other services will further deteriorate. Additional factories will be idled—in fact, more than half already have curtailed production. Cubans unemployed and underemployed will rise probably to at least half of the labor force. Fuel shortages are already causing daily blackouts of up to ten to sixteen hours in Havana as well as the virtual collapse of public transportation. Only small segments of the population will enjoy any amelioration of these privations.

Cuba's leaders recognize the gravity of the situation and recently initiated new economic reforms that hold some promise for partial economic relief, but which also entail considerable political and social risk. As you know, in a speech on July 26, Fidel Castro revealed his intent to legalize the use of dollars in Cuba. Dollarization is likely to increase hard currency remittances from abroad, and thus to provide some margin of economic relief.

But this change will aggravate social tensions and distinctions in Cuba, in part because only a small percentage of the Cuban population will be likely to receive hard currency from abroad. Labor productivity in the peso economy will further erode, inflation will rise. The Cuban government, of course, will endeavor to control the exchange of dollars. But the danger of Castro's regime over time is that dollarization will raise unrealistic popular expectations for even more profound reforms, and stimulation what Castro in the past has denounced as neocapitalist exploitation by privileged groups.

Fidel Castro appreciates that his regime is, to quote a high Cuban official—government official, his regime is, quote, "feeding a trojan horse." Asked in a press conference last February if tourism and foreign exchange—foreign investment in Cuba might turn out to be destabilizing, this Cuban government official responded, "We have no other choice but to feed the Trojan Horse. We must take a chance. We are familiar with the social and political price, but the real danger is the economic crisis."

Stated another way, the dilemma for Fidel Castro is that he realizes that potentially destabilizing economic reforms must be implemented because his government will be increasingly at risk if it cannot begin to bring significant economic relief for the population.

But on the other hand, Castro remains adamantly opposed to profound free market economic reforms, to large scale private enterprise, and to the reemergence of what he has called neo-capitalism in Cuba. He continues to place an overriding priority on maintaining the illusion that Cuba is a classless, totally egalitarian society.

He is a stubborn man. Perhaps all the more so after 34 and a half years in power. In particular, he is loathe to permit economic or political reforms like those that were carried out in the former communist countries because they would dilute his personal political hegemony. He said as much in his speech on July 26. He said we cannot ever commit the mistakes that the socialist countries made, that the Soviet Union made.

Thank you very much.

Vice Chairman WARNER. Thank you, Dr. Latell.

Just one quick question on that point. Given this rapidly deteriorating domestic economy and the devastating hardship on the people, why is there not a commensurate rise in the opposition to the system? Is it that the people have a lingering faith in communism or is it the brute force of the police and the Castro structure?

Mr. LATELL. Senator Warner, the Castro regime still has many residual strengths. In particular, the continued loyalty of its large military and very effective security services. There are other residual strengths as well, including Castro's ability to continue to claim a personal monopoly on expressions of Cuban nationalism.

There has been a considerable growth over the last several years in the numbers of organized dissidents and human rights activists. They are largely if not overwhelmingly committed to peaceful change. In terms of popular disturbances, although they remain rare—uprising, popular outbreaks of protest, public demonstrations against the regime, they remain rare, but the numbers have been slightly increasing.

The tensions in the population clearly are growing, Senator. Vice Chairman WARNER. Would my colleagues like to ask questions now or proceed to the next witness?

We will hear from the State Department. Thank you.  
[The prepared statement of Mr. Gelbard follows:]

STATEMENT OF ROBERT S. GELBARD, DEPUTY ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Mr. Chairman, I appreciate this opportunity to review with you the current situation in Cuba, U.S. policy toward that country, and the very real concern we have that the Cuban government's refusal to enact fundamental political and economic change will lead to further suffering and deprivation for the Cuban people.

To begin with the dire economic situation on the island today, it is apparent to us, to the world at large, and most poignantly to the Cuban people, that Cuba's experiment with state socialism has been an abject failure. Cuba's economy has proven unable to recover from the loss of the massive Soviet subsidy, which in some years amounted to one fourth of Cuba's national income. Over the past two years, the Cuban economy has shrunk by over 50%. Electrical power outages have become the norm, not the exception. Across the island, major factories stand idle for want of fuel and spare parts. Public transportation between and within major cities has been drastically reduced. The Cuban people's diet has suffered dramatically. Basic foods are severely rationed, and supplies are often so low that people cannot redeem their ration cards. There is a growing black market for food; there are even reports of clandestine restaurants where people go for meals, just as speakeasies operated during the Prohibition era. The gains that Cuba has made in health care and education are declining.

Sadly, there is no end to this downward trend in sight. The underlying cause of Cuba's problems has been and remains the lack of political and economic freedom. The Cuban people are certainly capable of working to provide themselves a decent standard of living. But living under a command economy coupled with the strongest police state ever to exist in Latin America, they are unable to exercise the private initiative which is required to drive a viable economy.

The Cuban government has made some moves to try to attenuate the economic crisis. To attract foreign investment in the tourism sector and to earn foreign exchange, the government allows foreign companies to participate in a number of joint ventures and to repatriate significant profits. To attract increased remittances from Cuban exiles, and to capture some of the foreign exchange now in the black market, the government is apparently planning to legalize the use of foreign currency—U.S. dollars—as a medium of exchange in the domestic economy.

These are noteworthy moves. They reflect a decision to set aside socialist dogma and even some nationalist pride in order to earn some foreign currency.

But in our view they do not constitute fundamental reform. The key question is whether the Cuban government will decentralize economic decision-making and allow individual citizens some freedom to exercise private initiative to own and manage private property, to set prices, to freely determine where they work and what they consume. We often hear word from Havana that farmer's markets may be legalized—allowing individuals to price and sell their produce in public, but that reform never seems to come about. That would represent one step toward real economic reform and real freedom.

Our policy toward Cuba remains consistent with our worldwide policy of support for democracy and human rights. Specifically, we believe we can best foster an environment for peaceful change in Cuba by continuing to isolate the Cuban government diplomatically, politically and economically until basic human rights are respected and democratic reforms enacted. As it has been for thirty years and through eight administrations, the cornerstone for our policy continues to be our comprehensive trade embargo. Throughout the years, this embargo has helped diminish Cuban support for insurgency abroad and offset the subsidies the island received from the former Soviet Union. Today, we believe the embargo plays a critical role in keeping pressure on the Cuban regime to dismantle its military machine, still the second largest in Latin America, to reform its economy and refrain from the grossest human rights violations.

At the same time, we do not wish to see the Cuban people isolated. Last week, we released guidelines to make possible a major improvement in phone service between the U.S. and Cuba, as provided in the Cuba Democracy Act. Radio and TV Marti continue to give the Cuban people information about Cuba and the world which they cannot obtain through the controlled state media. The Cuban Democracy

Act has also expanded the possibilities for humanitarian donations to non-government organizations in Cuba, and a number of those donations have proceeded.

This Committee has asked us to assess the issues related to a transition in Cuba. We cannot make predictions as to what might cause a transition and how it might unfold. However, it is important to assess the many and important United States interests in the future of Cuba.

We and the entire free world have a profound humanitarian interest in seeing an end to the suffering of the Cuban people. Ten million of our neighbors have withstood three decades of one-man, one-party state, and now they face material deprivations unknown in their nation's history. That is a tragedy which must end. We call once again for a peaceful transition to democracy so that the Cuban people can begin to rebuild their economy, live in freedom, and rejoin this hemisphere's democratic community. The people who govern Cuba, and all the Cuban people, should know that the United States poses no threat to Cuba and has no hostile intentions. We have warned anyone who would undertake attacks against Cuba from U.S. territory that such actions are against U.S. law, and we intend to enforce that law.

The Cuban nation is not an enemy of the United States; its government is an enemy of the Cuban people's freedom and progress. The United States would welcome a transition to democracy and we would work with our neighbors, as we have throughout the hemisphere, to help such a transition succeed.

It is vital to U.S. interests that Cuba's transition to democracy be peaceful. A violent transition would carry severe risks:

First, the Cuban people have suffered enough, and they are entitled to win their freedom through a process which does not add to that suffering.

Second, from the U.S. point of view, convulsive change in Cuba carries the risk of a second Mariel boatlift or a similar migration. We don't anticipate such an event now. However, were such an event to take place, we would act accordingly to contingency plans to prevent it from taking place.

Third, Cuba needs a peaceful transition so that its next government can function quickly and effectively. Democratic Cuba will face the daunting array of problems faced by every post-communist society: a massive tangle of property claims; the need to get an economic plan in place to attract aid and induce investment; the need to build the modern democratic institutions which the one-party state didn't permit; the need to get the entire nation working together, including exiles; the need to address past human rights violations. As experience from Europe to Nicaragua has shown, this is a tall order even for the ideal government operating under ideal conditions. If Cuba has to face these tasks in the emotionally charged, unsettled atmosphere which would surely follow a civil conflict, its work will be immeasurably more difficult, and its national recovery that much harder to attain.

That, Mr. Chairman, is our assessment of the situation in Cuba and our interests in Cuba's transition. With you, the Administration looks forward to the day when we can meet to discuss a brighter picture in Cuba, and when we and the entire democratic community can work together to help Cubans make their democratic transition succeed.

**STATEMENT OF ROBERT S. GELBARD, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR INTER-AMERICAN AFFAIRS, DEPARTMENT OF STATE**

Mr. GELBARD. Thank you, Senator.

I appreciate the opportunity to review with you the current situation in Cuba, US policy toward that country, and the very real concern we have that the Cuban government's refusal to enact fundamental political and economic change will lead to further suffering and deprivation for the Cuban people.

I will not repeat some of the comments that my colleague made regarding the economic situation, but I will submit my entire statement for the record. I fully concur with everything he said about the dire economic situation at present and for the foreseeable future.

But in sum, there is no end to this downward trend in sight. The underlying cause of Cuba's problems has been and remains the lack of political and economic freedom. The Cuban people are cer-

tainly capable of working to provide themselves a decent standard of living, but living under a command economy, coupled with the strongest police state ever to exist in Latin America, they are unable to exercise the private initiative which is required to drive a viable economy.

In our view, the reforms which have taken place so far do not constitute a fundamental change. The key question is whether the Cuban government will decentralize economic decisionmaking and allow individual citizens some freedom to exercise private initiative, to own and manage private property, to set prices, to determine where they work and what they consume. We often hear word from Havana that farmers' markets may be legalized again, allowing individuals to price and sell their produce in public, but that reform never seems to come about. That would represent one step towards real economic reform and real freedom.

Our policy towards Cuba remains consistent with our worldwide policy of support for democracy and human rights. Specifically, we believe we can best foster an environment for peaceful change in Cuba by continuing to isolate the Cuban government diplomatically, politically, and economically, until basic human rights are respected and democratic reforms enacted. As it has been for 30 years and through eight Administrations, the cornerstone of our policy continues to be our comprehensive trade embargo.

Throughout the years, this embargo has helped diminish Cuban support for insurgency abroad and offset the subsidies the island received from the Former Soviet Union. Today we believe the embargo plays a critical role keeping pressure on the Cuban regime to dismantle its military machine, still the second largest in Latin America, to reform its economy and refrain from the grossest human rights violations.

At the same time, we do not wish to see the Cuban people isolated. Last week, we released guidelines to make possible a major improvement in telephone service between the U.S. and Cuba as provided for in the Cuba Democracy Act. Radio and TV Marti continue to give the Cuban people information about Cuba and the world which they cannot obtain throughout the—through the controlled state media. The Cuba Democracy Act has also expanded the possibilities for humanitarian donations to non-government organizations in Cuba, and a number of those donations have proceeded.

This Committee has asked us to assess the issues related to a transition in that country. We cannot make predictions as to what might cause a transition and how it might unfold. However, it is important to assess the many and important United States interests in the future of Cuba. We in the entire free world have a profound humanitarian interest in seeing an end to the suffering of the Cuban people. Ten million of our neighbors have withstood three decades of a one-man, one-party state, and now they face material deprivation unknown in their nation's history. That is a tragedy which must end. We call once again for a peaceful transition to democracy so that the Cuban people can begin to rebuild their economy, live in freedom, and rejoin this hemisphere's democratic community. The people who govern Cuba and all the Cuban people should know that the United States poses no threat to Cuba and

has no hostile intent. We have warned anyone who would undertake attacks against Cuba from U.S. territory that such actions are against U.S. law, and we intend to enforce that law.

The Cuban nation is not an enemy of the United States. Its government is an enemy of the Cuban people's freedom and progress. The United States would welcome a transition to democracy and we would work with our neighbors as we have throughout this hemisphere to help such a transition succeed.

It is vital to U.S. interests that Cuba's transition to democracy be peaceful. A violent transition would carry severe risks. First, the Cuban people have suffered enough, and they are entitled to win their freedom through a process which does not add to that suffering. Second, from the U.S. point of view, convulsive change in Cuba carries the risk of a second Mariel boatlift or a similar illegal migration. We don't anticipate such an event now. However, were such an event to take place we would act according to contingency plans that exist to prevent it. Third, Cuba needs a peaceful transition so that its next government can function quickly and effectively. Democratic Cuba will face the daunting array of problems faced by every post-communist society: a massive tangle of property claims; the need to get an economic plan in place to attract aid and induce investment; the need to build the modern, democratic institutions which the one-party state did not permit; the need to get the entire nation working together, including exiles; the need to address past human rights violations.

As experience from Europe to Nicaragua has shown, this is a tall order even for an ideal government operating under ideal conditions. If Cuba has to face these tasks in the emotionally charged, unsettled atmosphere which would surely follow a civil conflict, its work will be immeasurably more difficult and its national recovery that much harder to attain.

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Thank you very much.

Vice Chairman WARNER. Thank you, Mr. Secretary.

The current policy of the United States towards Cuba, has that not been consistent through the years? In other words was there any marked change when President Clinton took office from the Reagan-Bush era?

Mr. GELBARD. In reality there was not, in significant part because there has been a broadly-based, bipartisan consensus in terms of some of the fundamental principles which this nation stands for, in particular, support for democracy, support for internationally-accepted norms of human rights, the rule of law, and a free market economic system.

Vice Chairman WARNER. My distinguished colleague, Senator Kerrey, seemed to imply by his opening statement, and he will probably address this in the question period, some dissatisfaction with that policy. But I wanted to clarify that essentially President

Clinton has continued the policies of the Reagan-Bush Era, and that you, I think, have affirmed.

Now, assistance has dropped off from the Soviet Union, and after the demise of the Soviet Union, and then from Russia. But are there other states of the CIS that help Cuba in any other way?

Mr. LATELL. I don't believe—

Vice Chairman WARNER. Either witness, because these questions can be taken by either of you.

Mr. LATELL. I don't believe so, Mr. Chairman. Cuba maintains diplomatic relations I think with all or nearly all of those new nations. I think that there is some limited trade with a few of them, particularly Ukraine. I do not believe that Cuba is receiving economic credits or assistance from any of them.

Vice Chairman WARNER. So given the differences between Russia and the Ukraine, Ukraine has not seized on this as an opportunity to play off, politically or otherwise—

Mr. LATELL. I know of no such development.

Vice Chairman WARNER. Well, has it just all been chopped off, or is there a trickle that still flows from any of those CIS states?

Mr. LATELL. There is a Russian economic credit, Senator, that totals about \$380 million spread out over, I think, about five years. The credit is largely for the repair and maintenance and upgrading of sugar facilities, mills and other sugar facilities. It is the principal commodity, of course, that Russia buys from Cuba. And there is a \$30 million—a small amount in that credit that is earmarked for mothballing of the Juragua plant, the nuclear power plant near Cienfuegos.

Mr. GELBARD. If I could just add to that?

Vice Chairman WARNER. Yes.

Mr. GELBARD. It's our view that a lot of the residual reason for the continued trade, essentially on the basis of world prices, that is going on in the Former Soviet Union is in significant part based on the high regard for certainty that exists in countries that do not have a tradition of market economies. They are not used to going out in the market and working the international sugar market or other markets to try to find the best offer. We have been trying to help and have offered to help the various republics of the Former Soviet Union and Eastern Europe to try to find other ways to do business, and it is our guess that in coming years, if Cuba remains in a dictatorship that long, we will succeed in helping them to find other sources of supply.

Vice Chairman WARNER. My next question, I would prefer that if you have facts and official opinions on it, give them, but don't speculate.

Should the United States and Mexico conclude the North American Free Trade Agreement, and word of that spreads, as it will, through Central and South America, as a strong bond between these two nations, will that affect in any way the likelihood of people again trying to seize control in Cuba with the hopes that eventually they could have a similar trade relationship?

Mr. GELBARD. Well, we don't have any facts on that issue.

Vice Chairman WARNER. Has there been any discussion?

Mr. GELBARD. There's been no discussion with people inside Cuba on that.

Vice Chairman WARNER. Within your department?

Mr. GELBARD. We are always trying to consider every possible option to establish a democratic Cuba. What is quite clear—

Vice Chairman WARNER. Well, do you have a personal opinion then?

Mr. GELBARD. Well—

[General Laughter.]

Vice Chairman WARNER. If not, just drop it and move on, and then Mr. Latell has a view.

Mr. GELBARD. I would prefer to move on, Senator.

Vice Chairman WARNER. All right. Mr. Latell?

Mr. LATELL. Senator, I defer to Ambassador Gelbard on this.

Vice Chairman WARNER. All right. [General Laughter.]

Vice Chairman WARNER. According to the Mexican media, Russian military sources confirmed on 15 June that Russia will considerably increase its military aid to Cuba during the next few years, and will maintain its electronic espionage installation known as, I think, Lourdes, on the island. The chief of the military specialist group on Cuba said that his country will increase military development aid to the island, which has been halted since the dissolution of the Former USSR. He confirmed that this Lourdes center will remain, although he pointed out that the precise nature of its operations has not yet been determined under the newly signed agreements between the governments of Yeltsin and Castro. I wish both of you to comment on that.

Mr. LATELL. Senator, it is my understanding that despite the nature of the comment that you quoted from the Russian official, it is my understanding that there is no Russian military subsidy whatsoever for Castro's Cuba. The Cuban military has been experiencing severe diminutions in size and in military capabilities. Its military doctrine, mission, force structures, are evolving to become more compatible with Cuba's diminished—greatly diminished economic circumstances.

In a lengthy press interview a few months ago, the Cuban defense minister, Raul Castro, made much of this very clear. And he indicated, just to give you, provide you with one example, he indicated that the Former Soviet Union had committed to provide Castro's military with a full wing of MIG-29s, and he said that that had never materialized, that only a small squadron had been provided. And he said that we have not received any weapons from the Soviet Union, from Russia or the Soviet Union, since 1990. We received some replacement parts in 1991. And he said in 1992 and 1993, we have received nothing.

Vice Chairman WARNER. Gentlemen, I decided we'd do six minutes so a number of us could participate. My six minutes are up, and Senator Graham, you're next.

Mr. GELBARD. Excuse me, but could I just add to Mr. Latell's answer on that. We obviously noticed the statement by the Russian military official when he made it, and we—

Vice Chairman WARNER. This was reported in the Mexican media.

Mr. GELBARD. Yes. And we immediately investigated. The Russian government strongly disavowed the statement and we were assured that there would be no Russian military aid to that country.

Vice Chairman WARNER. Thank you.

Senator Graham, six minutes.

Senator GRAHAM. Thank you, Mr. Chairman.

To continue a discussion about the relations between Cuba and Russia, under the Cuban Democracy Act, the President is authorized to impose sanctions including rendering a country ineligible for any program for forgiveness or reduction of debt owed to the United States government if they provide assistance to Cuba. And assistance is defined as being assistance to or for the benefit of the government of Cuba that is provided by grant, concessional sale, guarantee or insurance, or by any other means on terms more favorable than that generally available in the applicable market, whether in the form of a loan, lease, credit or otherwise, and such term includes subsidies for exports to Cuba and favorable tariff treatment on articles that are the growth, product or manufacture of Cuba.

Are any of the activities that you are aware of that Russia or other members of the Former Soviet Union have engaged in, would they fall within that definition of assistance to Cuba?

Mr. GELBARD. We are aware that Russia has recently signed a trade agreement for—to provide credits to Cuba. We have asked for detailed information from Russia on that agreement and we are awaiting that information. I am not aware of any assistance currently being provided based on the definitions provided in that article with which I am very familiar, in significant part because I do not believe that any government would be foolish enough to provide such aid or credits based on Cuba's poor credit rating and history.

Senator GRAHAM. In both of your statements, you talk about current and recent past economic reform efforts in Cuba, including opening up to foreign investment the recent dollarization of its monetary system. What would you anticipate might be some of the next steps in economic reform within Cuba?

Mr. LATELL. Well, Castro, in his speech the other day, hinted at some others. But Senator, he also indicated he is going to be very, very cautious, and he is reluctant. Because to use the—to revive the analogy, the Trojan Horse is within the walls, and he is worried about having more Trojan Horses.

One thing that they are probably—one reform that there is probably a great deal of popular support for, and support in technocratic and other elites in Cuba, is for the creation, again, of farmer's free markets. Castro, as Ambassador Gelbard indicated, did not take the opportunity on July 26, to announce that. He did hint in the speech about the possibility of trying to make it possible for more Cuban exiles, Cuban-Americans, to visit the island. He, I believe, will also do that very cautiously.

Senator GRAHAM. Mr. Gelbard?

Mr. GELBARD. There has been discussion of the possibility that Cuba will be trying to find ways to attract additional foreign investment. Our guess is that this investment, though, would be managed, or there would be an attempt to manage this in such a way as they have attempted to handle tourism—what in fact has been described as Tourist Apartheid, because the Cuban people have been kept out and only foreign tourists have been kept in in very isolated ways. And that sense of trying to create enclave in-

vestments would be our best guess of what they would be trying to do. What is quite clear is that Castro wants to prevent any kind of genuine opening, because as he has explicitly said, publicly, he does not want to see the same kind of possibilities for a democratic opening as existed in Poland, Czechoslovakia, Former Soviet Union and elsewhere. Therefore, they recognize they are taking a significant risk with any of these measures, including the so-called dollarization. But it is being done to survive and for no other reason. It is not because they have become born-again believers in free market economics.

It is difficult to imagine that they will apply for reentry into the International Monetary Fund and the other international financial institutions. It is difficult to imagine similarly that they will allow for true grass roots economic freedom.

Senator GRAHAM. My time is about to expire, so let me ask one last question on this round. One of the tactics that Castro has used in several periods of distress—most noticeably in 1980, the Mariel situation—is to either encourage or acquiesce in a mass exodus. Do you have any evidence that that might be one of the options that Castro is currently considering?

Mr. LATELL. Senator Graham, I agree entirely with what Ambassador Gelbard said on this subject. It is an option that Castro has exercised in fact twice before—1965 from Camarioca and in 1980 from Mariel. The—I would like to say that with respect to his consideration or calculus on making such a move again, he realizes that social conditions in Cuba are considerably worse today and economic conditions are considerably worse than they were in those earlier periods. I think his calculus probably is that to take such a move in the climate of Cuba today would be high risk for him, possibly even to the extent of generating instability on the island that his forces, that his government would not be able to control. Yet it would be a double edged sword. There would be a great deal of risk for him in taking, in his opinion, even thinking of such a move. And therefore, I think it would be a decision he would make only under the greatest and most extreme pressure.

Mr. GELBARD. I agree with Mr. Latell's analysis. But in addition, let me say that we have been quite clear, in communications with the Cuban government, that this would be treated in the most serious way by the American government. The consequences of such an action would be quite grave.

We are prepared for it, but there is great concern within the American population about illegal immigration in all its forms, and we have informed the Cuban government that there would be an extremely serious reaction.

Senator KERREY. Mr. Gelbard, first of all, let me say that I appreciate the fine job that you did in Bolivia and I look forward to your confirmation as Assistant Secretary of State for International Narcotics Matters. I particularly applaud the President for having the good judgment for selecting a professional such as yourself. It is a terribly important problem and a difficult one and I look forward to working with you in that new capacity.

Let me say that, since the Chairman referenced it, that I don't feel that I have significant disagreements with the Administration's position. I did not vote for the Cuba Democracy Act because

I believe that the actions taken in fact run the risk of provoking the very thing that we seek to avoid. I think, in fact, that in your own testimony, Mr. Gelbard, although I just state this for the record, you say, "Our policy towards Cuba remains consistent with our worldwide policy of support for democracy and human rights. We believe we can best foster an environment for peaceful change in Cuba by continuing to isolate the Cuban government diplomatically, politically, economically."

That is not our policy in China, not our policy in Vietnam. I mean, I appreciate why we have come to where we are and I am not urging the Administration to lift the embargo, I am not urging the Administration to normalize relations with Cuba. But I must tell you that I continue to be troubled by this black/white painting of people based upon how far they are willing to go on the issue of what should our relations be with Cuba. And I think we risk the health and safety of the Cuban people by continuing to take that attitude towards our policy.

I think quite likely that Castro is going to be gone, there is going to be a collapse. Now, maybe it doesn't happen, but it is likely that it could happen. And I just don't want to be in a position six months from now, a year from now, for saying, why didn't we figure this out? Why did we forecast this and begin to plan for what could happen in the aftermath, for this tremendous power vacuum that unquestionably will occur if that were to happen.

And I am curious, I would like to know what's the state of the Administration's planning for any of the scenarios that could happen in the aftermath of the collapse. In particular, are there planning groups that have been convened to begin to deal with that possibility?

Mr. GELBARD. Obviously, Senator, we are deeply concerned by any situation, any scenario that does result in a violent conclusion to the Castro dictatorship. As I said in my prepared testimony, we do not want to see a violent end of this precisely because the Cuban people have been through extraordinary suffering already and because it would have significant adverse consequences on the United States and other nations in the region.

That being said, there are difficult judgments to make, and difficult choices to make. Our policy in terms of tactics has to be tailored to fit the particular situation. When I took this job two years ago, I started reading back through the history of a lot of this, including the establishment of the embargo, the establishment of a lot of laws related thereto. And as you are, I know, aware, Senator, there is a lot of history involved.

Brian Latell, a lot of others in the United States government and I have been spending a great deal of time thinking about alternative scenarios, possibilities, eventualities, and how that might unfold. We have tried, through statements such as those I made in my testimony but more importantly, such as statements made by Deputy Secretary Wharton in a speech he made somewhat earlier this year, to make quite clear that there is no hostile intent on the part of the United States government or the United States people to Cuba. We want to try, to the degree possible, to remove the ability of Castro to wrap himself in the cloak of nationalism as a way of keeping control over the island.

But that being said, the problem really isn't between the United States and Cuba. The problem is between Castro and the Cuban people. Castro has made crystal clear, most recently in Brazil during the Ibero-American summit, that while he is prepared, in extremis, to make some of these economic decisions, the revolution is sacred and he is not going to allow for any political opening. Castro talks about socialism or death. I believe he is serious about it. He is not any more a Marxist-Leninist dictator. He really is more like a classic Latin American caudillo, power is personalized in him.

My personal opinion, if you will excuse my giving my opinion, is that Castro himself is not prepared to give up political power. There can be no economic freedom unless there is political freedom.

That being said, within the Administration, as within the previous Administration, we are in the process of doing planning. We are doing a lot of thinking about these issues, issues which I would prefer not to discuss in open hearing, but we would certainly be pleased to discuss them in any closed session.

Senator KERREY. I just—I hope that some kind of orderly planning is going on. If it is not, it needs to be it seems to me. No one can certainly predict anything in terms of collapse or a crisis. If a collapse occurs and a crisis starts in the next 30 days, and we have got no planning groups that have been convened to try to deal with that crisis, it seems to me we are going to have a lot of explaining to do.

I would like to get beyond that though and ask you, Mr. Gelbard; what sort of thinking is going on as far as a post-Castro world? I mean, let's assume now that Castro falls. I mean, we are beginning to discuss it, and what kind of bilateral aid is going to be there between the United States and Cuba? What kind of planning are we going to do to assist in the redevelopment of the nation?

Mr. GELBARD. First, in terms of the political situation, that is obviously something that is going to be up to the Cuban people to decide. And we would certainly not pretend to try to impose any kind of formula for the future, although, of course, we would only want to support and help a country that has decided to pursue a fully democratic political structure. We would want to support and help with Cuba's immediate return into the international trade and payment system, including their reentry into the international financial institutions, such as the IMF, the World Bank, and the Inter-American Development Bank.

One fundamental issue that will need to be dealt with because the laws which have been passed by this Congress include the very important issue of settlements for expropriated properties. The Congress laid out for us, in the early 1960's, very precisely how we must deal with those, and there are mechanisms in the United States government to do that.

We would be very interested and very concerned about providing bilateral assistance, but my feeling would be that the fundamental thrust of any U.S. policy would be through the international financial institutions, particularly because of, frankly, our current budgetary situation. We feel that technical assistance to Cuba, to reconstruct their fundamental infrastructure, which will be required,

will be of the most immediate importance, along with humanitarian assistance on major lines.

We have commissioned some reports from a variety of institutions, including a recent report that was organized by Florida International University, and we would hope to encourage other institutions for additional studies also to be done, both inside the American government and outside the American government in the near future.

Vice Chairman WARNER. Thank you, Mr. Gelbard.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

Let me give you a scenario, Mr. Gelbard. Cuba hardly represents a threat to the United States. And while it is true, as you say in your statement, that they have the strongest police state ever to exist in South America, that is a bold statement. I am going to challenge you, but I am always cautious of the word ever. Was it Gilbert and Sullivan, "Ever, Never, Hardly Ever?"

But in our approach to other nations, the theme has been, say in connection with China, that the more contact we have, the more exposure they have to us and we to them—particularly they to us—the greater the chances are that that regime in China will change, and there will be a growth of an entrepreneurial class and the future will be different. And I subscribe to that. I oppose the efforts to make MFN contingent, for example.

You say in your statement—or maybe that's Mr. Latell—that the Cuban people are our friends. And then Mr. Latell says what we are doing is causing food shortages and distribution problems and malnutrition and disease. That's pretty tough stuff.

Why do we bother having an embargo against Cuba? I suspect they probably can't pay for anything anyway.

In the next panel, Dr. Dominguez is going to talk about threatening Cuba with peace. Move towards a respectful process of negotiations, starting off with limited, licensed, sales of medicine and food to Cuba. What's the harm? Why not?

Mr. GELBARD. Well, Senator, I don't know a great deal about China, but I stand by my statement about the repressive system in Cuba. What I was saying earlier was that—and my colleague Mr. Latell pointed out that if there is one thing that has been efficient in Cuba and largely continues to be, it's the security apparatus, because they were trained by the masters, the East Germans and the Soviet Union. Having the benefit of an island makes it somewhat easier to maintain this extremely repressive system which continues to this day, although I have to say for the first time, over the course of this month, we have seen some slight uprisings by the people on several occasions. We have been hearing about them during the first half of July.

We do permit humanitarian donations of food and medicines, and under certain circumstances, even sales. And the process, the flow of such food and medicines have, based on the Cuba Democracy Act, over the last year, increased significantly. I testified on a number of occasions when the Cuba Democracy Act was being examined by the Congress, and our only concern was that this material, food and medicines, get to the Cuban people, rather than being sold in the specialized stores for profit by the government. We have sup-

ported and helped responsible institutions such as the Catholic Church, as they have made significant donations that have been distributed through CARITAS. We don't oppose that; we support it.

The United States government recently provided doctors to go to Cuba to help analyze the causes of the optic neuritis epidemic. Once again, this is not help to the Cuban government, this is assistance to the Cuban people, because we were concerned, for humanitarian reasons, about the physical state of the Cuban people.

The situation from what I know about China, is rather different.

Senator CHAFEE. Well, let's not get into China too much. Maybe I shouldn't have brought it up. I am interested in this Cuban situation and U.S. policy. You know, we've tried the embargo for 34½ years and it doesn't seem to have worked too well, and maybe we're on—I'm no expert on Cuba by a long shot. I am more curious than anything else. My view has always been, if your serve is not working, change it. And maybe Castro survived for the 34½ years previously because of the tremendous aid from Russia, the USSR, which has gone, and now we have a different situation. I take it that the view of the Administration is that we are proceeding as we are because we believe that's going to bring down, or help bring down, Castro because of the deprivation of the people and the suffering.

Okay, I interrupted you. You were—

MR. GELBARD. Let me just say that, yes, you're absolutely correct, that Castro was being propped up for all these years by the major assistance, the major aid that they were getting from the Soviet Union. The fact of the matter is, as we have pointed out in our prepared testimony, that now that those subsidies and that aid have disappeared, the economy is in freefall. Not only has the GNP dropped by 50% over the last few years, oil imports have dropped by more than ⅔ and is continuing. And we believe in significant part this is because the embargo is in place. But the embargo has also helped mitigate the attempts by Castro, the on-going attempts to provide assistance to terrorist groups, and to undertake other kinds of activities in the hemisphere and elsewhere.

Senator CHAFEE. Well, I certainly subscribe to that. I mean, now you have told me something that is important. I mean, much—everything you've said is important, but this rang true particularly with me, that one of our goals is that we don't want him exporting his terrorism, and that's a very good point.

My time is up. Thank you. And thank you, gentlemen.

Senator GRAHAM. Thank you, Senator.

Both Mr. Latell and Mr. Gelbard, we hope, after the recess period will be able to meet with us again in closed session to continue to pursue these questions in the context of that, and also the distinguished second panel that we have, I am going to defer any further questions for this panel.

Senator Kerrey, do you have any questions?

Senator KERREY. No, I don't have any.

Senator CHAFEE. Could I ask for a 30 second response from both gentlemen. My question is, is our continued presence in Guantánamo a plus for the U.S.? Mr. Gelbard, 30 seconds.

Mr. GELBARD. Our Navy maintains that it is of fundamental importance in terms of their training capability because of the fact

that it is a deep water port, because they can exercise without going long distances, and they feel, as stated in many discussions I have had with them, that it is of great importance, yes, sir.

Senator CHAFEE. Well, I would really like the answer more tilted more towards the situation vis a vis Cuba, setting aside the Navy's situation, if you might. Do you see it as a plus for the U.S. to be there?

Mr. GELBARD. Well, our presence there is fundamentally on the basis of what I described before. We have a treaty agreement; we continue to pay the rent. Castro continues not to cash the checks. But it is indeed based on the technical issues of the Navy's requirements.

Senator CHAFEE. Mr. Latell?

Mr. LATELL. Senator, I will defer my 30 seconds to Ambassador Gelbard. I agree with his response.

Senator CHAFEE. Well, I thought Mr. Gelbard handled that skillfully. [General laughter.]

Senator CHAFEE. With a total non-response to my question. Thank you, Mr. Chairman.

Senator GRAHAM. Is the former Secretary of the Navy satisfied with the answer?

Senator CHAFEE. He didn't tell me anything I didn't know. I was looking for our relationships with Cuba vis a vis Guantanamo—it is a continuing burr under the saddle, not that there aren't enough burrs under the saddle in our relationships with Cuba, but there is no point in pursuing it. Mr. Gelbard and Mr. Latell are too skillful at this business.

Thank you.

Senator GRAHAM. Thank you very much Senator.

Thank you, Mr. Latell and Mr. Gelbard, we appreciate very much your being here and especially in public session.

Mr. LATELL. Thank you very much, Senator.

Mr. GELBARD. Thank you.

Mr. LATELL. Glad to be here.

Senator GRAHAM. The second panel, I will introduce them with a brief description and then ask if they would make their opening statements in the order introduced. Dr. Anthony P. Maingot, Professor of Sociology, Florida International University; Dr. Jorge I. Dominguez, Professor of Government, and a Visiting Fellow, the Inter-American Dialogue; Ambassador Jose Sorzano, The Austin Group, and Senior Director for Latin America, National Security Council, during the Administration of President Reagan, and Deputy U.S. Permanent Representative to the United Nations with the rank of Ambassador, 1983 to 1985.

Mr. Maingot.

[The prepared statement of Dr. Maingot follows:]

TESTIMONY BY ANTHONY P. MAINGOT, PROFESSOR OF SOCIOLOGY; EDITOR,  
HEMISPHERE MAGAZINE, FLORIDA INTERNATIONAL UNIVERSITY

#### INTRODUCTION: BASIC ARGUMENTS

I take as my lead, Deputy Secretary of State Clifton R. Wharton, Jr.'s statement of May 3, 1993 that the Clinton administration is committed to a Western Hemisphere "linked by open markets and democratic values." As worthy and laudable a goal as this is, the question is whether generating open markets necessarily engenders democratic values in authoritarian societies? Theoretically, the question applies

as much to Cuba as it does to China. Unfortunately, we have been more prone to discuss the Chinese case than the Cuban one. It is time we change this nonproductive, and politically motivated, predisposition.

It is my position that the opening of command economies can lead to pressures for the instituting of democratic values and, further, that the first step towards the encouragement of an open market in Cuba should be negotiations regarding the lifting of the U.S. embargo. Negotiations should be a *quid pro quo* over the instituting of democratic values in that authoritarian state. This position is premised on the following arguments that:

1. The fundamental structural crisis in Cuba was not caused by the U.S. embargo. The fundamental causes are the maladjustments of the socialist model in two spheres, (a) the basic domestic economic realities of Cuba and (b) the realities of the global economic system.

2. Lifting the embargo cannot in and of itself bring about a change in these maladjustments; only shifts on basic economic policy can. Lifting the embargo cannot be said, therefore, to be throwing a lifeline to this sinking socialist economy. On the other hand, without fundamental structural shifts the consequences to Cuba of lifting the embargo will be of two types: (a) encourage further reforms such as the dollarization recently enacted, and (b) whet the society's appetite for greater openings in human rights to compliment the liberalization of the economy. This will present democratic reformers within Cuba and the democratic Hemisphere their best opportunity in thirty three years to leverage political change.

These arguments are clearly my own but, at least in the empirical area, are supported by my own twenty five years of research on Cuba, the data presented in the seventeen studies which comprise Florida International University's project "Cuba in Transition" and the recent literature emanating from Cuba's own research centers.

#### STRUCTURAL CRISIS

The single most important sociological study of Cuba done before 1959 was Lowry Nelson's Rural Cuba (1950). Observing the richness of Cuba's soil and vast amounts of government-owned lands lying fallow (the so called "realengos") Nelson felt that if such natural endowments were everything, Cuba's future was insured. But natural endowments are never everything. "Much depends," Nelson reasoned, "upon the degree of imagination which the Cuban people can bring to the task of finding and developing new products from their natural resources." The Cuban Revolution of 1959 was initially premised on meeting that very challenge. Three decades later, Cuba is being challenged like never before as Cuba's economists are admitting with remarkable candor.

It is critical to realize that the literature emanating from Cuba today confronts the present crisis with great realism and a predisposition to accept changes.

In 1993, Cuba's most articulate political economist, Julio Carranza Valdés, seemed to be echoing Nelson's words when he warns that the survival of the Cuban Revolution will depend on a "strategic redefinition of the revolutionary model . . . This is the challenge: what is needed is creativity and political audacity."

The nature of the challenge in 1993 is simply monumental: making the socialist system work with 70% less resources than they had in 1989. That drop reflects the drop in Socialist bloc subsidies. What is the capacity of the national economy to compensate for a loss of such magnitude? It is impossible to be optimistic, for reasons which Cuban economists themselves explain. Even if Cuban production during this Special Period in Time of Peace as it has been labelled achieved total efficiency in the production and sale of local products, it would still be 40% below what in 1989 was considered minimally necessary to sustain a "normal" rhythm of the economy. The slippage which has occurred in just three years is dramatic. According to the UNDP's Human Development Report for 1993, Cuba's ranking on the Human Development Index (which measures real purchasing power, education and health), has slipped to 75th place. Compare this to the 20th place of Barbados or the 31st place of Trinidad and Tobago to get a comparative perspective. In the Caribbean, only St. Vincent (76th) and Guyana (105th) rank lower than Cuba.

Though hardly ever discussed by economists in such terms (they use terms such a "the need for more labor discipline"), any analysis has to begin with certain domestic realities, fundamentally the psycho-sociological climate in present-day Cuba. Virtually every even modestly impartial observer has remarked that since the closing of the free peasant markets which had been authorized in 1986 there has been an evident flagging of Cuban spirits. Those "mercados campesinos" had virtually overnight put on sale a large number of items which had not been seen for years,

especially food items. Within months Castro ordered the experiment stopped, isolated the economists who had designed the experiment and began what was called the period of "rectificación de errores," i.e. creating a purer form of socialist disinterest. None of this had anything to do with the U.S. embargo. In 1986 Cuba's leadership made what now appears to have been a fatally flawed decision to further centralize and tighten the command economy and disincentive individual initiatives. The ideas behind Perestroika and Glastnost were already in the air, by 1986 the socialist countries which subsidized the Cuban form of socialism were in evident structural crisis. Michael Gorbachov was as clear as a rooster's crow when he warned in his 1957 book, *Perestroika*, that "Socialism's prestige and possibilities would be directly harmed if we clung to the old forms of cooperation. . . ." One of the forms of cooperation which had obviously been targeted for revision was the socialist bloc's agreement to pay over 50% higher than world market prices for everything imported from Cuba, as well as subsidizing Cuba's purchase of oil.

Aside from this social-psychological factor which we might call "sacrifice exhaustion," there are solidly economic indications that, as presently constituted, the system is involved in a wasting process which merely lifting the embargo will not correct. The combined impact of a totally centralized economy of imports and exports in the midst of fuel and equipment shortage is taking a terrible toll in terms of the increasing amounts of inputs necessary to produce marginal gains in outputs. In 1981-1985 it was bad enough: for every 1 peso invested there was a \$0.53 increase in production. During the 1986-1990 period the situation was simply unsustainable: for every 1 peso invested there was \$0.02 increase in production. The inefficiency of the system could also be judged by the fact that, as Cuban economists now admit, fully 600,000 people were unproductively employed. This was part of a payout in social services which was growing three times faster than productivity. As if those indications were not warning enough, it is now revealed that during the last five years money in circulation has been growing 1½ times faster than the availability of merchandise. The results were predictable: not just inflation but a booming black market. Just how artificial, not to say unreal, things have become is made evident in a study by Cuba's center of economic research, CIEM, which reveals that in 1989 70% of the savings accounts were of less than 200 pesos, or US \$3.50 at black market exchange rates. Clearly there is not the internal savings to capitalize a new initiative in local production. Nothing illustrates more dramatically the virtual collapse of the Cuban economic model than the situation of sugar as it affects the best laid out plans to reinsert Cuba in the world economy, the one thing they all seem to agree on. The much cited piece by Manuel Rua and Pedro Monreal in *Cuba Foreign Trade*, No. 1 (1993) illustrates the problem, a veritable Cuban Catch-22 which is related to decision made previously, not to the embargo.

The authors believe that Cuba reinsertion into the world economy can be achieved through an "apertura económica" anchored on three pillars: (1) attracting more foreign investments; (2) diversifying Cuba's foreign trade, and (3) accelerating the development of the tourist sector. The authors note that the appropriate legal changes to accommodate these initiatives have been made, to wit: Article 23 of the 1992 constitution which recognizes and protects foreign investments, and the decision to remove the state's monopoly over exports. By 1993 the Cuban Chamber of Commerce claims that 500 economic entities were directly, if not totally autonomously, involved in foreign trade. Ah, but there is a fly in the ointment. The fundamental engine driving that economic reorientation, according to the authors and many others, would still have to be the sugar industry. As Cuba's economic Czar, Carlos Lage, said in November, 1992, Cuba's goal is to gain an increased share of sugar's hard currency market. This, he admits, will require more land, more fertilizer and a longer cane cutting season (*zafra*) to increase production. Cuba's 1992 production of 7.0 million tons gave Lage and the authors in Cuba's Foreign Trade the confidence that with 6.3 million tons for export, Cuba might just make it. Unfortunately for Cuba, this has turned out to be little more than pouring new wine into old bottles. For the past two-and-a-half decades Cuba has hitched its economic destinies to that star called sugar. Sugar cultivation takes up nearly 60% of all of Cuba's cultivated area, it consumes over 30% of the nation's energy, employs 440,000 people. But even Minister Lage had to recognize some crucial economic realities which would surely affect their plans: in 1989 Cuba imported 13 million tons of oil, in 1992 that was cut in half. If one keeps in mind that Cuba's sugar milling equipment is of gas guzzling (and polluting) vintage and that its sugar mills are spread across Cuba, requiring an intensive use of fuel-driven transportation, one understands the drastic nature of fuel deficits. Additionally, Cuban sugar has become dependent on the extensive use of fertilizers. In 1989 Cuba imported 1.3 million tons of fertilizer, by 1992 that figure had been reduced to 300,000 tons. Similarly, in 1989 they purchased US\$80 million worth of herbicides, by 1992 that had been reduced to \$30

million. The results of these cuts did not wait to be evident: the 1992-1993 sugar harvest, a crop of 4.2 million tons, is the smallest in fifty years and represents the single largest interannual drop in production. Cuba has argued *force majeure* in suspending sales of sugar contracted to convertible currency clients, hardly a way to start a reinsertion into their markets.

The news could not have come at a worse time for the island. With so much land concentrated in sugar, the deficit in food production has been increasing: in 1989 Cuba was importing 57% of the proteins and 51% of the calories consumed. The purchasing power in 1993 will be considerably less than it was in 1989. This deficiency in local food production has also affected the plans to integrate the tourist industry through backward linkages into the agricultural sector. Tourism in Cuba is little different from what it is in the rest of the Caribbean: sustained by imports. A closer look at the two other pillars of the announced strategy—tourism and the biotechnological industry—will illustrate some of the structural difficulties.

The Cuban economy appears to be caught in the typical vicious cycle of poverty so often discussed by development specialists: they wish to take new initiatives but these have to be financed by traditional sectors which are failing. The inputs which Cuba can provide—additional land and increased personal sacrifices—are simply not enough.

#### (A) TOURISM

Tourism is a fickle industry, hard to control and manage. Although always an interesting site for visiting Americans, Havana took off as a major tourist spot after World War II. When Miami Beach rejected the institution of gambling casinos, the big money moved to Havana. It would prove to be a double-edged sword: the more successful it became as an industry, the more the nationalist and reformist resentment was fueled. One of the first acts of the revolutionary government in early 1959 was to close down all casinos and de-emphasize tourism in general. Thirty years later, the regime has reversed itself and has launched a dramatic initiative to regain Cuba's standing as a major tourist spot. Its first step was to open up the industry to joint ventures, with considerable success thus far. The official agency, Cubanacan was established in 1987, and already by 1988 Cuba attracted 120,000 tourists leaving behind US\$220 million. By 1991 they had reached the highest figure of pre-revolutionary days (300,000) and are targeting 1,500,000 tourists by 1995. This tourism will be contained in eleven major tourist enclaves, with the biggest being Varadero Beach. Access to this truly magnificent stretch of white sand and crystal clear waters is made possible by a first-rate highway running from Havana, an international airport which can service the largest jumbo jets as well as a modern marina with moorings for 110 deep sea fishing yachts. In the newly-adopted European-style grading system, Varadero will have three five-star hotels and another 5,000 rooms of at least three stars. Spanish, Mexican, British and Jamaican interests have entered into joint ventures and management arrangements which give the foreigners nearly complete freedom of managerial and administrative policy. Not surprisingly, several West Indian firms have been inquiring (and some investing) into a range of possible deals, from actually building new hotels, restoring older ones, supplying foodstuffs and even proposing to assemble small cars for the tourist rental business. Other Caribbean nations have also been interested in pursuing the Cuban idea of multideestination packaging. Arrangements now exist for such packages with the Dominican Republic, the Bahamas, Jamaica and the Cayman Islands. Arrangements with Cancun are on the drawing board. The truly big plums would be, of course, multideestination packages with Miami and San Juan, Puerto Rico, neither of which are realistic options under present circumstances.

The decision to enter into Cuba now, is to take early advantage of a situation which is surely the future of tourism in the area: multideestination vacations in which Cuba clearly will be one of the consistent destinations. Therefore, Spaniards, Mexicans, and West Indians are investing in the future. And yet, that future is uncertain so that the risks are great. And yet, who would deny that it was the opening up of the tourist industry which was one of the contributory forces behind the dollarization of the economy with all that portends for future economic liberalization?

#### (B) BIOTECHNOLOGY AND MEDICINE

Cuba began investing in medical education and research early in the revolutionary phase. In those early days, however, the idea was to perform "internationalist" duties in other developing countries. This is no longer the main goal. Today the goal is medical technology as a business. Plans exist to create both a locally-based complex for medical treatments of all sorts, from cosmetic surgery to oncology, for hard-

currency paying patients. In many ways there will be an interface between this and the burgeoning tourist industry. The other dimension of the plan calls for exports from the wide-ranging Cuban medical complex, from sophisticated medicines to complete medical packages: physical plants, instruments, equipment and even the doctors and technicians to operate them. Different agencies using Western-style marketing techniques are already at work. MediCuba and Heber Biotec, SA, handle sophisticated medications such as reagents, epidermal growth factors, diagnostic kits for the HIV virus, hepatitis B and meningitis B vaccines, alpha, beta and gamma interferons. Medical—including dental—equipment and furniture is handled by the Cuban Industry of Medical Equipment (ICEM). All indications are that the Cubans are at least breaking even, that their fifteen odd biotechnological centers are presently self-sustaining. This, at least, is the opinion of Dr. Julie Feinsilver of Bard College who has done the most serious study of Cuban biotechnological and medical exports. In short, Cuba has decided to hitch its development process to high technology, under any circumstances an expensive proposition but even more so for Cuba given the U.S. embargo. Among the considerable investments, according to the Cuban paper *Granma* (8-13-91), is the graduate training of 4,000 scientists. At present, according to the Cubans, there are 1,350 getting doctoral degrees, 120 of these studying abroad.

The very first issue regarding this sector is one of development strategies, the question of matching appropriate technology to levels of development. One question repeatedly asked about Cuba is whether a country which cannot produce enough alcohol or aspirins for its hospitals should be investing so heavily in the production of interferon? Beyond this relatively simple issue of accounting and opportunity costs there are risks which any potential investor should consider whether the embargo is on or off. Potential legal liabilities, for one. In a field dominated by American, European and Japanese multinationals which are vertically integrated from basic research through marketing and sales, the Cubans appear weak at both ends of the process, basic research and sales. To quote Feinsilver: "Innovative biomedical products that Cuba has marketed have not been created through genetic engineering . . . [they are] copied from elsewhere. . . ." Of course, Cuba is not the only country which does not recognize patents. Be that as it may, any joint ventures will have to take this infringement of international conventions on patents and copyrights into account. Even as the latter have been stumbling blocks in the process towards a GATT agreement, there can be no doubt but that the international sanctioning power of these multinationals is not to be ignored. International goodwill is a precious commodity for small nations facing changing and precarious international arrangements.

The relationship between appropriate technological inputs and productive outputs also applies to Cuba's goal of becoming self-sufficient in foodstuffs. The plan has been to increase production by greater and greater infusions of highly trained technical personnel. Biologists, biochemists, pharmacologists, agronomists, agricultural engineers, etc. According to the *Boletín de Información Sobre la Economía Cubana* (January, 1992) Cuba has been spending twice the Latin American average on technical and scientific education and training. As in medicine, they have decided that high technological and scientific inputs are the paths to agricultural development. And, yet, Cuba continues heavily dependent on the importation of a wide range of wheat, cereals, rice, beans, oils, milk, poultry and other basic foodstuffs. Nowhere is the disparity between inputs and outputs more evident than in the all important sugar industry. According to the Cuban Ministry of Education there are 15,042 people with university degrees working in the industry. Yet, industrial yields in sugar are today lower than in the 1940's when there was not a single university faculty in Cuba providing advance degrees for people in the sugar industry. Even more basic questions have to be asked about this emphasis on high technology: why, for instance, is there not in Cuba a single soap factory producing, either in quality or cost effectiveness, what a single plant in Dominica does using locally grown coconut oil? Similarly, why, if Cuba is marketing five different types of advanced biotechnological medications for veterinary use, have they failed to stop simple fowl diseases from undermining their plans to have people grow their own poultry? The empirical question then is, in what way will the lifting of the embargo change any of this? But there is an additional major question: if there is little chance under present conditions for autogenerated growth, what opportunities does the island have for a process financed through external credits, with or without the embargo? The prospects here appear just as dreary. Cuba's inability to secure credit today should come as no surprise to anyone: Cuba entered into the dramatic period of crisis (after 1989) burdened by an extraordinary debt: to the socialist block, \$30 billion (of which to the former USSR, \$28 billion). Its convertible currency debt stood at \$7.8 billion which in 1992 represented 355% of the island's foreign exchange earn-

ings. As was to be expected, Cuba's ability to import has been in steady decline: imports went from 8,124 million in 1989, to 4,090 million in 1991, to 2,200 million in 1992. They surely will be even lower for 1993. What then, are the chances that Cuba will be able to renegotiate, reschedule or, in general, reach some agreement with its creditors? Again, the prospects are disheartening. As regards their debt to the former socialist bloc, in July 1990 Vice President Carlos Rafael Rodriguez was adamant: "I don't know if they will forgive the debt. In any case we are not going to pay." While this is a position the Russians appear to be reconciled to, the same sangunity cannot be expected from other creditors. Canadian economist Archibald Ritter recently responded to the question whether Cuba could reasonably be expected to service its hard currency debt at this time or in the near future with a rotund "No."

#### CONCLUSION

Clearly Cuba's economic decline cannot be laid to the embargo. What the embargo does, however, are three things: (1) it monopolizes both the language and the agenda of economic opportunities thereby focusing attention where it should not be; (2) precisely because of this, it reduces the maneuverability of those in Cuba who understand that basic economic and political reforms, not simply lifting the embargo, are the only way out, and (3) it turns the U.S., again, into the culprit.

Those concerned with both the economic and political future of Cuba understand that half economic measures will not bring the island out of its structural crisis. Removing the embargo will merely be a half measure given the absence of hard currency credits, the elimination of barter trade and, fundamentally, the lack of motivation and lack of opportunity. Motivation to produce and opportunity to sell at some evident benefit that which is produced. If the lifting of the embargo will act to encourage such changes, then it will be well-worth it. But, let me repeat: the political realities in the U.S. are such that a wholesale, unilateral, lifting of the embargo is perhaps not possible. What might be possible is a negotiated *quid pro quo*, specific economic openings in exchange for specific political changes in Cuba.

Now that Cuba has "dollarized" its economy (admitting that the informal economy is more important than the "command" one) the time is right to facilitate further change and reform. There is no absolute guarantee that such a measure will work but when balanced against the futility of thirty-three years of isolation, political and economic stagnation, it seems a risk well worth taking.

#### STATEMENT OF DR. ANTHONY P. MAINGOT, EDITOR, HEMISPHERE MAGAZINE, PROFESSOR OF SOCIOLOGY, FLORIDA INTERNATIONAL UNIVERSITY, MIAMI, FL

Dr. MAINGOT. Thank you very much, Senator Graham. I am grateful for this opportunity to present my views to this important Committee on this topic, especially at this particular time.

I think the time has never been more auspicious for the democracies of the Western Hemisphere to leverage democracy in Cuba. The question I have is whether the United States policy is on the right course. And I would start by asking this question which I have been asking as long as I have been studying Cuba, which is nearly as long as Brian Latell has. Why is it that Fidel Castro, discredited as a leader, governor of a state which is now, as we heard, moribund economically, continues to win extraordinarily significant symbolic victories?

Let me give you two of them. Most recently in Bahia, Brazil, when the Iber-American World met, they had specifically I decided not to discuss Cuba. And yet the only unanimous vote which came out of that meeting was condemnation of the U.S. embargo. A similar result was had in the United Nations, a condemnation of the embargo with only two nations voting against the resolution, i.e. voting in favor of the United States.

These symbolic defeats for the U.S., it seems to me, result from the following fact. We have ceded to Fidel Castro not just the language but also the agenda in which he is the master strategist. He

knows how to play on that part of the Latin American historical collective consciousness which enjoys little more than making the United States feel uncomfortable. And we continually cede that ground to him. I know of no policy which makes this more possible than the embargo. The embargo is not the cause of Cuba's economic disaster. Consequently, lifting the embargo will not remedy Cuba's economic disaster. Cuba's economic disaster is a result of the very decisions made in Cuba and the very inoperable nature of socialism. Lifting the embargo will not save socialism.

What a negotiated tit for tat, quid pro quo negotiation of the embargo—not a unilateral lifting of the embargo, but getting off square one—will do, however, are three things.

First, it will deprive Fidel Castro of that symbolic area where he has consistently outmaneuvered his opponents, whether they be Cuban exiles or the United States government.

Secondly, it will encourage those in Cuba who are pushing for reform—and, there are many of those. While Fidel Castro is in many ways like the boy holding his finger in the dike, we still have to confront the question asked today, for instance, by Senator Warner: why don't the people rebel? I have been hearing that question for 34 years. And the answers given are always weak. The fact is that we do not know why the people of Cuba do not rebel. The fact is they do not rebel. Yet, year after year, we keep predicting the fall of Fidel Castro.

I live in Miami. In 1990 we saw the bumper stickers that said, "en el noventa Fidel revienta." When 1990 passed, they then said, "en los noventa" he will fall. Even as we keep waiting for him to fall, we know very well that the fall of Castro is not the same thing as the rise of democracy. Those are two quite distinct things.

Thirdly, why is it that we continually assume that if we liberalize the economy—viz., in China, or, indeed in the case of Chile—this will lead to democratic values, but we refuse systematically to do the same kind of analysis on Cuba? I would say that it is politically motivated, for in theory, there should be no difference, in terms of argumentation, as to how it worked in Chile, how it works in China, and how it might work in Cuba. I am very intrigued by the fact that the new czar of the economy of Cuba, Carlos Lage, has made two highly publicized trips recently, one to Chile and the other to China. These are the kind of situations we ought to be looking at if we are going to be analyzing Cuba.

And finally, we are facing a possible explosion in Cuba which might have consequences in terms of a mass migration to Florida, to Miami, which we are not prepared for. I disagree with Assistant Secretary of State Gelbard that we are prepared for it. We were not prepared for it in 1980, we are even less prepared for it now. Additionally, the consequences for the future development of Cuba of such an explosion are very serious. I believe it is time that we remove ourselves as being the villains of the peace. Remove Fidel Castro from the ground in which he plays so well and put him on our ground where he is forced to discuss his economy and to discuss his failures and to discuss the implementation of democracy in Cuba.

Thank you, Mr. Chairman.

Senator GRAHAM. Thank you very much.

Dr. Dominguez.

[The prepared statement of Dr. Dominguez follows:]

TESTIMONY OF DR. JORGE I. DOMÍNGUEZ, VISITING SENIOR FELLOW, INTER-AMERICAN DIALOGUE, AND PROFESSOR OF GOVERNMENT, HARVARD UNIVERSITY<sup>1</sup>

Cuba's Castro regime has not gone "poof." Contrary to widespread expectations, the Cuban regime has survived, first, the collapse of communism in eastern Europe and, then, the collapse of the Soviet Union. In the early 1990s, Cuba's government and the long-ruling communist party have displayed great skill, toughness, resilience, and adaptability.

COMMON FORECASTS THAT HAVE PROVEN FALSE

1. Fidel Castro will never negotiate. Not true. In the late 1980s, the Cuban government negotiated seriously and effectively to bring about a southern African settlement. It did so even after Cuban troops had performed well in the field of battle against South African armed forces. Cuba made concessions in that settlement, above all the withdrawal of its troops from Angola, but it also gained objectives which it had sought, namely, Namibia's independence and the beginning of the end of the apartheid regime in South Africa.

2. Fidel Castro's government will not pay compensation for property it has seized. Not true. The Cuban government has reached property compensation agreements with all affected foreign governments except the United States.

3. Fidel Castro is the sworn enemy of international capitalism. Not true enough. Notwithstanding his ideological preferences, in the early 1990s Castro's government has welcomed direct foreign investment in Cuba on very favorable terms. A political regime founded on the expropriation of foreign property has turned around on one of its core defining political and economic issues: let foreigners invest.

4. Fidel Castro is rigidly dogmatic in economic matters and has a profound allergy to markets. Notwithstanding his ideological preferences, again and again he has shown a strong streak of pragmatism. The promotion of the tourism industry and, just in the past few days, the decision to allow the U.S. dollar to circulate freely and lawfully in Cuba indicate that Castro's economic dogmatism—however true it may have been in the past—has been replaced with a striking flexibility.

5. Cuba does not honor international agreements. No longer true. While in the past Cuba has broken international agreements, since the late 1980s Cuba has respected important international commitments. In the fulfillment of its international obligations, Cuba pulled out its troops from Angola, all of its personnel from Nicaragua (except health personnel, which remained at the Chamorro government's request), and it stopped armed support to the FMLN in El Salvador. No doubt, Cuba's respect for international agreements is shaped by the end of the Cold War, but that should not prevent us from recognizing this new behavior.

6. Cuba's international isolation is total. Not true. In the Fall 1992, for the first time since 1960 the United Nations General Assembly voted for a resolution calling for the United States to lift its trade embargo on Cuba; only Israel and Rumania voted with the United States. In July 1993, a unanimous Iberoamerican Summit (including the heads of government of Spain, Portugal, and all Latin American countries) asked the United States to lift its trade embargo on Cuba. For the first time since the GATT's Uruguay Round began, the European Community has included aspects of the U.S. trade embargo on its agenda for discussion with the United States. The common thread that runs through these recent Cuban foreign policy successes is the international community's disapproval of the extra-territorial dimensions of the Cuban Democracy Act, e.g., the imposition of penalties on U.S. firms whose subsidiaries trade with Cuba from locations in third countries.

SOME RECENT CUBAN GOVERNMENT POLICIES

What has the Cuban government done in response to the catastrophe that has befallen Cuba since the collapse of the Soviet Union?

Cuba's government leadership remains committed to staying in power by all means available, even if the means include brutal acts of repression and the pursuit of policies that have immiserated the country and deprived many of its people of

<sup>1</sup> I am solely responsible for this testimony. My views do not necessarily represent those of the Inter-American Dialogue. The Inter-American Dialogue's Cuba Task Force has issued a report entitled "Cuba in the Americas: Reciprocal Challenges." I am on a year's leave from Harvard University.

fundamental political rights. In pursuing its objectives, however, the government has often been skillful and even creative.

First, there has been a remarkable renovation of the top political leadership. From 1965 to 1980, no member of the Political Bureau of the Cuban communist party was dismissed. It was a stable oligarchy. In recent years, there has been a systematic elite renewal. Today, only five out of the thirteen 1975 Political Bureau members remain in that body.

Second, despite some severe acts of repression, there has also been a greater willingness to let those who wish to complain to do so without risk of imprisonment, provided that they do not join opposition political movements.

Third, "don't ask, don't tell, don't pursue" might describe the Cuban government's current attitude toward illegal markets. There has been a greater willingness to let those who engage in market activities to do so, even when those activities remain formally illegal. Illegal markets are one important explanation of the regime's survival: they bring supplies to urban consumers. Police do not inquire, citizens do not report, and prosecutors look elsewhere.

Fourth, the government has been able to impose severe economic restrictions because most Cubans have adjusted successfully, despite many hardships. In the virtual absence of private transportation, Cubans today bike or walk to work. In response to prolonged losses of electric power, Cubans reorganize their lives to permit those energy savings. In response to severe shortages of food, Nitzia Villapol, Cuban television's answer to Julia Child, gives new food recipes.

Fifth, the state's security forces remain loyal and effective. Cuba's organized opposition, though courageous, has been small and weak; though the opposition may express the hopes of many, its ranks are thin. In the early 1990s, the Cuban government arrested many opposition leaders, often just for meeting to discuss their views—genuine prisoners of conscience. In so doing, the government weakened the opposition even further. Government decisions to grant early release from prison (of which there have been several recent cases) seem contingent of subsequent self-censorship, perhaps exile, on the part of the prisoner about to be released. The state's security forces have also demonstrated their willingness to shoot at Cuban citizens who are attempting to emigrate without formal exit permits. However damnable such acts may be, they demonstrate consistent loyalty and toughness on the part of the security forces.

Six, as noted in the previous section, the Cuban government has demonstrated pragmatism in a number of economic areas, earning revenue from the tourist sector and some substantial direct investment from non-U.S. foreign firms.

Seventh, Cuba's international traders remain skillful and successful. In 1993, Cuba had to declare force majeure to break international contracts to sell sugar. This fact calls attention not just to Cuba's productive failures but also to the existence of a large number of prospective international buyers notwithstanding longstanding U.S. efforts to isolate Cuba's economy.

Eighth, Cuba has begun a sustained, gradual policy of military de-mobilization. Its troops increasingly perform economic tasks. The number of soldiers and officers is falling. Military maneuvers are more modest and are designed to consume less fuel.

Ninth, Cuba's leaders have sought to mobilize patriotic support to elicit the sacrifice necessary to make the economic adjustment. In that endeavor, the timing of the enactment of the Cuban Democracy Act in the Fall of 1992 was important. As the 1990s began, even Cuban communist party polls showed that ordinary Cubans no longer feared U.S. aggression. The Cuban government has used the Act as the means to demonstrate—however inaccurately—that the United States is the cause of Cuba's many calamities. It is difficult to estimate how many Cubans still respond to such government propaganda; surveys conducted in Cuba by Cuban scholars suggest that a significant proportion of residents of the city of Havana may have voted for the official candidates in the February 1993 national elections in part in response to such patriotic appeals.

#### U.S. INTERESTS IN CUBA

U.S. interests in Cuba are simple and clear:

1. To foster always a respect for human rights and, in due course, a transition to pluralist democracy in Cuba;
2. To avoid bloodshed in and around Cuba, and to support peaceful means to bring about changes in Cuba; and
3. To address practical problems that may arise between the United States and Cuba pending a regime transition.

The critical question for the United States is how to address the third without making the first less likely.

The U.S. government's policies in place, and experiences with regard to communist countries, should help to inform the future of U.S. policy toward Cuba.

Praise may be given to many aspects of Reagan administration policies toward communist governments. Scholars from the Soviet Union could engage in research and study in the United States; some of them have become architects of the transition in the former Soviet Union. Direct mail could be sent to Czechoslovakia. Tourists could visit Poland. FAX machines could be exported to the People's Republic of China. These experiences have a clear consequence for the future of U.S. policy toward Cuba:

1. The U.S. government should stop assisting the Cuban government to censor the international information that might flow to its people. To its credit, the Cuban Democracy Act supports such a change in U.S. policy and the Clinton administration has begun to implement this policy change. The proposal to facilitate telephone communications between the two countries should be the first among many other such steps. The U.S. government should act to facilitate direct mail, cultural and academic exchanges, the establishment of news bureaus in the respective capital cities, the sale of FAX machines, travel by U.S. citizens to Cuba, and so forth.

The Cuban government's principal political instrument to elicit support and sacrifice is the continuing fear of U.S. aggression. The Bush administration issued the first unilateral U.S. policy statement pledging that Cuba had no fear of military attack from the United States. The Clinton administration has wisely issued a similar statement and has followed through with warnings to those who would violate the U.S. Neutrality Act that the U.S. government intends to enforce its own laws. These are sensible steps that have also a clear consequence for the future of U.S. policy toward Cuba:

2. Develop a web of confidence-building measures that will make clear to every Cuban that Cuba will not be a "free-fire zone" in some imaginable war. Instead, Cuba ought to be a "zone free from fire." In that context, the U.S. government should declare, as it has done properly, that Cuban forces should not shoot at Cubans, just as U.S. forces will not. In due course, it will be plain to ordinary Cubans that their homeland's conditions are the responsibility of their government.

Suppose the U.S. trade embargo were to be lifted tomorrow in its entirety. What would happen in Cuba's economy on the next day? Nothing. Cuba could not export more sugar because it does not produce it. Cuba could not import more goods because it lacks the foreign exchange to pay for them. Cuba's principal product, sugar, is in worldwide over-supply and traded internationally at low prices in a residual market. What would happen in Cuba's politics on the next day? I would become more certain than ever that the nation's economic failure is its government's responsibility.

In the longer run, the lifting of the U.S. trade embargo may facilitate the flow of international investment that could reactivate Cuba's economy and help the Castro government. It should remain the policy of the U.S. government, of course, not to assist the Castro government. This is why the lifting of any portion of the trade embargo ought to be associated with substantial domestic changes in Cuba; the gains for the Cuban economy ought to help a political regime that would be in the midst of significant change or that would eventually change fully toward pluralist democratic politics.

The trade embargo remains an important U.S. policy instrument, therefore, but mainly if it is used to advance policy objectives that are in the U.S. interests. The mere continuation of the U.S. embargo has not accomplished much, nor is it likely to accomplish much. The changes that have occurred in Cuba cannot be explained by the U.S. trade embargo. Under Cuba's current political and economic conditions, its regime can continue to linger, and its people can remain miserable, for an unspecified time. This analysis has, therefore, a consequence for U.S. policy:

3. Threaten Cuba with peace. More precisely, move toward a respectful process of negotiation with the Cuban government that will be based on the premise that Cuba's sovereignty is to be honored. On humanitarian grounds, and to make credible its claim that the United States objects only to Cuba's government and seeks not to hurt its people, the U.S. government should begin to permit limited, licensed sales of medicine and food to Cuba (in addition to continuing the current policy that facilitates humanitarian donations). Then, the U.S. government would state its readiness to remove other aspects X, Y, Z of the embargo—including further liberalization of the sale of those items of continuing humanitarian significance, namely, food and medicine—after Cuba, acting in its own interests, opens up its politics in specified ways. Do not formally "condition" such U.S. policy changes but make it clear that the United States will respond to changes that the Cuban government

chooses to adopt on its own. The embargo's main political utility is the capacity to lift it in stages in reward for democratizing behavior.

Castro, say the skeptics, will not negotiate. Castro's genes are unique. He is not like Gorbachev, not even like Jaruzelski, not like Marcos, nor like a "softie" such as Pinochet. Castro will hang on to power. Perhaps, but perhaps this is one more forecast about Cuba and Castro that could prove wrong if tested. Castro has negotiated. Castro has changed many policies of very substantial significance. Castro knows that the world has changed. In effect:

4. U.S. policy should shift gears to negotiate not just about important though narrow topics, such as telephones and migration, but also about the "high politics" issue that concerns both governments and, above all, the Cuban people: how to make a peaceful transition toward a Cuba that serves its people and that is re-integrated in the international community.

U.S.-Cuban relations have been hostile, tense, and enormously complex. The prospects of fostering change in Cuba, especially a political transition, are likely to be enhanced greatly if the United States were to act in concert with its friends and allies in Latin America, the Caribbean, Canada, Europe, and Japan. To build such international cooperation, the U.S. government should not punish its would-be partners who oppose and criticize the Cuban Democracy Act's sanctions on firms within those countries that trade with Cuba and whose parent firms are U.S. companies. Therefore:

5. The United States should remove all punitive measures from the Cuban Democracy Act which interfere with the normal exercise of sovereign jurisdiction in other countries. In particular, policy with regard to the subsidiaries of U.S. firms that trade with Cuba from locations in third countries should revert to what it was prior to this Act's enactment. Such a decision would facilitate U.S. cooperation with allied governments and would also be consistent with the proposed U.S. policy toward Cuba.

Nine U.S. Presidents ago, Fidel Castro came to power in Cuba. Castro's demise has been forecast—again, again, and again—since weeks of his assumption of power. U.S. policy has always been defended in the same terms: "If you wait a little longer, now it will finally happen." It has not happened that way. It is not likely to happen that way.

Suppose, however, that one follows the logic of an alternative policy: increase the pressures on Cuba until an explosion topples its government. Given the continuing evidence of Cuban government strength and toughness, such an explosion is likely to take the form of sustained political violence. Within that scenario, some Cuban-Americans are likely to want to assist their friends and supporters. Shooting is likely to break out in the Straits of Florida, drawing in the U.S. Coast Guard and Navy. Prolonged civil war in Cuba would increase calls for U.S. Military intervention. Civil violence in Cuba would also trigger ever more desperate efforts to migrate to the United States by any means. Such a scenario is not in the interests of the Cuban people, nor in the interest of the United States.

The time has come to bet on the future and on the proposition that Cubans are not Martians. Like Poles, Czechs, or Chileans, Cubans, too, will prefer democratic politics. The openings that are proposed at the international level, and specifically in U.S. policy, have direct and immediate effects on Cuba's internal life. Cubans, too, are likely to act in ways that will re-shape the course of their history as has happened in so many other countries in the world. The Cuban government bets that an opening toward markets will enable it to hang on to power. Let the United States bet that Cubans, too, will construct a society based on free politics and free markets—if they are given the chance.

Immobility in U.S. policy helps the Cuban government remain politically immobile. Continuing change in U.S. policy, along the lines that are becoming visible, holds the promise of fostering change within Cuba better than the alternatives that have not and remain unlikely to work.

#### **STATEMENT OF DR. JORGE I. DOMINGUEZ, SENIOR FELLOW, INTER-AMERICAN DIALOGUE AND PROFESSOR OF GOVERNMENT HARVARD UNIVERSITY**

Dr. DOMINGUEZ. Thank you, Mr. Chairman. It is an honor to be here with you this afternoon. Let me be brief with regard to my opening remarks.

As one thinks of assessing Cuba and its circumstances, I think that one place to begin is the misassessment of the key actor in

this drama—Fidel Castro. The first time that I heard that Fidel Castro was about to fall within a few weeks, the speaker was a true expert: my grandmother, and the date was 1960. I have been hearing comments of this sort and forecasts of this sort for a long time, and that one, as well as many others, have proven incorrect.

Let us just focus on a few. That Fidel Castro would never negotiate. Well, he did—in the southern Angola settlement.

That Fidel Castro's government would never pay property compensation. Well, he has negotiated such an agreement with every government except the United States.

That he is the sworn enemy of capitalism. Well, notwithstanding that, he now welcomes foreign direct investment. Clearly something has changed.

That he is rigidly dogmatic in economic issues and therefore he would never change but would persevere in that dogmatism. Well, he has changed. He now has a strategy to promote tourism; to bring in foreign direct investment; and as we now know in the last few days, to legalize the use of the dollar as a currency in Cuba.

That he is totally isolated internationally. Not true, as we have just heard from my colleague on the panel, Professor Maingot. A remarkable surprise has been that he would get a unanimous vote from all the Iberio-American heads of government gathered in Brazil to ask the United States to change its embargo policy toward Cuba.

The thread that runs through these systematic mis-assessments is the inability to think of Fidel Castro as a normal political leader in many ways, who adjusts, who adapts, who is pragmatic whenever he has to be, who can be creative, and who can adopt policies that he rather would not when he is cornered. That, it seems to me, is the window to the future. This government has been adapting to the collapse of the Soviet Union and to the near freefall of its economy through a variety of ways, whether by changing personnel at the top—other than the Castro brothers and few others—tolerating illegal markets, enforcing economic adjustment, practicing repression, and above all, playing the card of nationalism. The Cubans are being asked to sacrifice because the homeland presumably is in danger. In that regard, I am sorry to say, the timing of the enactment of the Cuban Democracy Act played into the hands of the Cuban government at a terrible moment, because a population that had stopped believing that the United States was an enemy—for which there is actually some evidence in public opinion polling from the Cuban Communist Party's own pollsters—now could be faced with this decision that indicated that the United States was its enemy indeed.

What, then, is the window of opportunity? The window of opportunity is to recognize that this is a political leader who would rather not dollarize the economy, but found out that he had no choice. How then could U.S. policy be reshaped in order to make Castro's circumstances more difficult? The premise is not that he is benign. The premise is not that he would like to negotiate. The premise is not that he would like to democratize. The premise is that his life would become so complicated that he will be forced to do even more of the things that he would rather not.

Thus I would propose a radical suggestion. That we adopt, in the United States, a policy towards Cuba similar to the Reagan Administration's policy towards communist countries. Now, it is very radical, because it had not even been the policy that the Reagan Administration pursued toward Cuba. What does that mean? It means that it used to be possible to have academic and cultural exchanges with the communist countries of Eastern Europe and the Soviet Union. And many of those who were trained in those programs are today reconstructing democratic regimes in those countries.

We ought to do the same with Cuba. We ought to have Fulbright Fellowships for Cuban scholars to come to the United States. We ought to have academic exchanges. We ought to be able—and Secretary Gelbard is to be congratulated—to communicate by telephone easily and directly with Cuba; to have direct mail, not routed through third countries; to be able to export fax machines, because they are indeed revolutionary in every sense of the word, as we have learned whether in Panama or in China.

There's a variety of things in the communications basket of the embargo. The Cuban Democracy Act quite wisely and properly urges the Executive to lift the embargo in areas such as in telephones, and I would hope the Congress and the Executive would go further and unilaterally act to stop assisting the Cuban government censor the information from the outside.

So too it is important to adopt confidence building measures, some of which were mentioned by Secretary Gelbard, to try to make sure that the Cuban government can no longer rally its people on the grounds that the patriotic defense of the nation requires the sacrifice. And that requires confidence building measures around Guantanamo and more generally between the United States and Cuba.

I, in fact, believe that the remainder of the embargo, beyond communications, ought to be retained, ought not to be lifted. But the embargo is not a yes/no proposition. The embargo has the great virtue that it can be modified and lifted in pieces. Just as one can focus on lifting entirely the communications basket of the embargo, one can try to use the remainder to negotiate effectively in a sustained and urgent fashion. Thus, for example, another step could be to move further beyond licensing donations of food and medicine to Cuba, to actually permit limited licensed sales, which again would convey to the Cuban people that we mean no harm, which again would convey even to the Cuban government that we are prepared to be forthcoming if the Cuban government changes its behavior.

The issue it seems to me, once again to underline, is not that Castro will be benign, it is not that Castro would like to negotiate, but that with a set of policies in the new circumstances in Cuba he is forced to change policies. Otherwise, Cuba's situation would be too difficult. His people are no different from those who have reconstructed democracy in Chile or who have established it in Eastern Europe. Nor is he more clever than other dictators who also said to the very last day they were in power that they would not change, whether Jaruzelski in Poland or Pinochet in Chile, or Marcos in the Philippines.

The time, it seems to me, has come to understand that there has been a mis-assessment of Castro. He does change policy. He has altered his behavior, not because he wants to, but because he is forced to do so. And now is the time for the U.S. creatively to shift its policy sufficiently to make his life even more difficult.

Senator GRAHAM. Thank you, Doctor.

Ambassador Sorzano.

[The prepared statement of Ambassador Sorzano follows:]

#### TESTIMONY OF AMBASSADOR JOSÉ S. SORZANO

Testimony of Ambassador José S. Sorzano before the U.S. Senate Select Committee on Intelligence on the conditions in Cuba, the likely scenarios for a possible transition, and the appropriate U.S. policy responses. July 29, 1993.

#### CURRENT CONDITIONS IN CUBA

##### *Economic collapse*

Cuba's continuing economic tailspin has already thrown the population's living conditions back several generations. This unprecedented deterioration is confirmed by a stream of anecdotal reports from relatives in the island and recent arrivals from Cuba; by the international media coverage of epidemics resulting from widespread malnutrition; and by the arrival on Florida's shores of increasing numbers of desperate "balseros" (rafters) fleeing the country's growing crisis.

The magnitude of this debacle has reached a point that it cannot be hidden or denied even by Fidel Castro himself. Just three days ago, in his televised speech commemorating the 40th anniversary of the attack on the Moncada barracks, Castro described a bleak picture and foresaw small prospects for improvement. He noted that this year's earnings from sugar sales—Cuba's principal export—will fall \$450 million as a result of severe fuel shortages. Estimated imports—critically necessary to feed the population and keep what is left of the economy going—will be about \$1.7 billion, down from roughly \$8 billion before the collapse of the Soviet Union, and lower than last year's \$2.2 billion which proved insufficient to meet the island's needs.

Even by official Cuban reckoning, therefore, conditions are bad and getting worse. But, dramatic as Castro's figures are, they probably understate the extent of the crisis. Just as the world has seen the inflated optimism of official statistics common among former Soviet Bloc governments, it can expect to find the same practice in Cuba as well.

In response to the crisis threatening the survival of the Revolution, Castro introduced several measures primarily designed to alleviate what he termed "an extremely grave scarcity of convertible currency". Foreign tourism—especially by Cuban-Americans—will be encouraged, foreign investment will be sought for selected sectors of the economy and the holding and use of U.S. dollars by Cuban citizens will be decriminalized in a quest for larger remittances from relatives of Cubans living abroad.

With Cuban officials openly acknowledging that the Revolution is teetering "between life and death", Castro's recent measures are reminiscent of Lenin's NEP (New Economic Policy) in that it is a tactical, not a strategic, turn to try to save the regime. Yet, these desperation measures may not be enough to reverse the economic decline, and might actually have negative consequences for the Revolution's survival. It should be remembered that Gorbachev also tried to save the Soviet system by initiating partial reforms and this process eventually led to the unraveling of the U.S.S.R.

Symbolically and politically these measures are a clear defeat for Castro, whose already diminished leadership stature can hardly absorb another blow. After decades of insisting that capitalism was forever banished from Cuba, he is now forced to accept and even to seek, the return of capitalism's preeminent symbol—the "mighty dollar"—to circulate freely in the island. And, despite his years of boasting about Cuba's quality of life achievements, these recent measures tacitly acknowledge that the Revolution has failed even by Castro's own criteria.

But, in addition, the dollarization of the Cuban economy is likely to have other negative and far-reaching consequences for the regime. It will provide further impetus to the rapid devaluation of the Cuban peso (currently trading at a reported ratio of sixty pesos to one dollar in the black market) as Cubans scramble to obtain dollars to purchase their daily needs. It will also undermine the control power of the

food rationing coupons used for the last thirty years by the regime to push the population into political acquiescence. They will tend to be replaced by the dollar as the allocative instrument to determine who gets what. Finally, the dollarization of the economy will be profoundly disruptive to Cuba's central command economy. It will set prices independently of bureaucratic dicta and, will, eventually, raise the question of how long can Cuba remain a command economy and not control the issuance of the dominant currency circulating in the country.

#### *Legitimacy crisis*

The economic crisis, while tangible and statistically measurable, is only one aspect of the pervasive collapse affecting Cuba today. Perhaps as important, although intangible and not easily amenable to quantification, is the erosion in the authority and political legitimacy of the regime.

Explicitly based on Marxism-Leninism as its justifying ideology, the regime has seen its ideological basis crumble as its past allies, partners, and mentors in the former Soviet Block abandoned Marx. Similarly, the decades of sacrifices exacted in the name of an ever receding future socialist society have yielded bitter popular disappointment as Cubans see nothing but more shortages, longer lines, empty shelves and growing hunger. Finally, despite Castro's undeniable personal charisma, it is questionable how much longer he can escape responsibility and maintain loyalty to his leadership in the face of the collapse of virtually everything he has stood for. If success begets success, as it did for Castro in the early stages of the Revolution, repeated defeats erode credibility, power and authority. What else can Castro promise now, what rationalizations can he use, that will not be received with profound skepticism and even derision? It is not surprising, therefore, that Castro's appearances in the last July 26th celebrations have been before carefully controlled audiences instead of the customary massive rallies of past years. His charisma tarnished by his defeats, he may not wish to risk exposure before large and anonymous audiences.

Castro's leadership has, therefore, failed by the objective and measurable economic criteria and by the more subjective standards of credibility and legitimacy. These failures have now forced Castro to introduce some reform measures, but on the critical questions of power and control he will stay the course. Resistance to fundamental change mixed with social and economic downward trends are a profoundly destabilizing combination.

#### *Revolutionary situation*

As a result of the economic collapse and the crisis of legitimacy, Cuba today is near to, or has reached the flash point. Widespread economic deprivation, popular despair, and skepticism regarding the underlying justification of the regime and its leadership are an explosive mixture. Translating these elements into the conventional terminology of the Left, there is currently in Cuba a revolutionary situation.

There is, however, no revolutionary group discernible from abroad prepared or capable to undertake the radical transformation of Cuba's political and economic structures. Unlike its counterparts in the former Soviet Bloc, there is in Cuba little organized opposition in the form of autonomous labor unions, militant Churches, underground press, reformist leader, or a critical mass of intellectuals determined to resist the regime. The intellectuals and human rights activists who have courageously managed to maintain a relative amount of autonomy have been kept on the defensive. They are relatively isolated by repression, periodic incarceration, and physical assault perpetrated by the so-called "dignity" mobs organized and directed by the regime.

On the other hand, the apparent political passivity of Cubans is not necessarily a manifestation of their support for the regime. Under the current combination of shortages and repression, it is more likely to reflect a prudent "wait-and-see" attitude; a common-sense awaiting to determine who, if anyone, will move first and which course the events will take. Once a spark (e.g. food riots, spontaneous street demonstration, a palace *coup* or even rumors of Castro's death) is ignited, however, long-repressed dissident feelings can surface explosively and prompt simple citizens to confront violently the security forces. There are credible reports of several incidents of this type having already taken place in Cuba, but they have remained localized. They can be expected to recur and to become broader but, lacking organization and leadership, to remain at the level of blind explosions of frustration and rage.

#### ALTERNATIVE SCENARIOS

There is a range of plausible transition scenarios. These include preservation of the *status quo* with continuing economic deterioration, reform and gradual evolution with modest economic recovery, and system breakdown and violent overthrow. Re-

grettably, breakdown is more likely than reform, and the odds favor bursts of intense violence over a peaceful transition.

The centripetal personality of Fidel Castro, and the inhibiting effect it has on the internal dynamics of the Cuban regime, suggest that radical change is unlikely as long as Castro remains in firm control. The combination of the current downward spiral of the Cuban economy and Castro's resistance to fundamental change, enhance the probability of a set of transition scenarios which have as a common denominator the abrupt and very likely violent removal of the Castro brothers from power. In other words, despite the revolutionary conditions described above, a *coup* is a much more likely possibility than a generalized uprising of an enraged populace. This latter alternative can, and will likely, occur but only after it has become clear that there is a determined attempt underway to overthrow Castro.

Given the concentrated structure of power in the Cuban political system, there is only a limited set of potential sources for a move against the Castro brothers. They all have in common being part of the regime's own power elite. Of these, the military and the security forces are the only groups possessing the necessary means and, of the two, the armed forces are the more likely source of an attempt to separate Castro from power.

Despite the paucity of reports of discontent among the Cuban military, it is evident they have not remained untouched by the generalized social and economic disintegration taking place around them. This, in turn, must have an impact on their understanding of their role and, importantly, how they see their relationship with Fidel Castro. For instance:

The Disintegration of the Soviet Union. There must have been a sense of exhilaration and profound self-confidence when the Cuban armed forces were the allies of an ascendant super-power, which, having attained strategic nuclear parity, was consolidating and expanding its international influence. On the other hand, the United States, the principal adversary of the U.S.S.R. and declared enemy of the Cuban Revolution, had been defeated in Indochina and was mired in intractable domestic problems. The collapse of the Soviet Union and the emergence of the U.S. as the sole super power must have shaken the Cuban military's confidence and its expectations of the future configuration and correlation of forces in the international order.

The Collapse of Marxism as a Legitimizing Ideology. Marxist regimes have been quite successful in militarizing their respective societies, and Cuba is no exception. The ideology of class struggle, revolution and war provided the identification of the nation's enemies, the underlying justification for the allocation of massive resources to the military, and for their privileged position in society. The international collapse of Marxism has necessarily forced the Cuban military to reassess its role with regard to other international players and to reevaluate its responsibilities within Cuban society. With Marxism removed from the equation, the armed forces' calculations will not yield the conclusions which have governed their behavior during the last thirty years.

The Withdrawal of the Soviet Brigade. The presence of a Soviet Brigade in the vicinity of Havana, and the uncertainty about their possible reaction, must have presented a deterrent effect on any Cuban military conspiracy to remove Castro. Their recently completed departure from Cuba not only is a reminder of the rupture of the former alliance, but it also removes an element of uncertainty from the calculations for a possible military coup.

The Humiliation of Soviet Weapons in the Persian Gulf. Coupled with the demise of the U.S.S.R., the poor performance of Soviet weapons—also in the Cuban arsenal—in the Persian Gulf must have shaken the self-confidence of the Cuban armed forces and their assessment of their own efficacy in potential conflicts. Self-doubt combined with a lack of ideological conviction is conducive to hesitation, and even refusal, if they were to be called to employ force against their fellow Cubans.

The Failure of Socialist Internationalism. Having spent considerable effort, resources, blood and lives in Africa during the 70's and 80's in the discharge of "internationalist" duty, the Cuban military has had to experience profound disappointment with the meager results and question the reasoning and the political leadership that led them to these fruitless pursuits in such remote places.

The Professionalism of the Cuban Military. Trained in the best military academies of the Soviet Union, and often experienced in combat, the Cuban officer corps has manifested a high degree of professionalism. As professional soldiers they have developed a capacity to evaluate dispassionately present conditions, design goal-oriented plans of actions, and calculate the likelihood of alternative future developments. It would be surprising if some of them have not already put these skills to use in evaluating the causes, consequences and possible remedies for the current disintegration in Cuba.

The Downsizing of the Cuban Armed Forces. Castro has recently announcement that, as a result of the economic crisis, the Cuban armed forces will be reduced in numbers. This, in effect, is asking the military to surrender the relative advantages which they now enjoy and be dumped on an economy that cannot employ or feed its civilian workers. They might not view this change calmly.

In summary, surrounded by collapsing social and economic institutions, having lost its former super-power ally, with its leadership purged, lacking resources and fuel for adequate training, and contemplating the new configuration of the international order, it will not be unreasonable for the Cuban military to resist going over the cliff with Castro in a fanatical pursuit to "socialism or death". They, therefore, merit close attention for they are one of the few groups in Cuba with the training, resources, organization, and internal communications to mount a serious threat against the regime.

#### U.S. POLICY RESPONSES

Given the likelihood of political change in Cuba, any discussion of U.S. policy towards Cuba, can be divided into three parts. Those policies which are appropriate now, before the change. Those which address the developing situation throughout the transition to a new government. And, lastly those policies focused on the new government.

For thirty years the united States has had a consistent policy of diplomatic and economic isolation towards Cuba. This policy should be maintained. Without the subsidies previously provided Cuba by the Soviet Union, the U.S. embargo is now more effective than it has ever been. By forcing Castro to rely on Cuba's own economic capabilities, it has starkly revealed the failures of the Cuban model previously held up for emulation throughout the Third World.

Advocates of lifting the U.S. embargo should ponder this question: If, as they argue, lifting the embargo will undermine Castro, why is he sparing no effort to have it removed? Castro may be many things, but a political fool is not one of them.

Furthermore, despite press reports purporting to show the contrary, a recent Florida International University poll shows overwhelming Cuban-American support for continuing the current U.S. policy towards Cuba. Fully eighty percent of respondents support a policy of no diplomatic or trade relations with Castro, and 85% favor tightening the U.S. embargo even more.

If transition scenarios resembling those described above actually develop, it will be time to consider altering U.S. policy towards Cuba. Any move against Castro will almost surely involve a short burst of violence as the insurgent forces and the die-hard Castro loyalists struggle for supremacy. But, even if successful, the insurgent leadership—a *junta* or a strongman—will be confronted with staggering problems. It will first concentrate on consolidating its position and overcome bankruptcy, lack of external allies, international pressures for democratization, and the pent-up popular expectations for the improvement of living conditions and the relaxation of political controls.

Under these near impossible conditions any new leadership (regardless of its power base) will be transitory. Lacking a legitimizing basis for its authority, it will immediately begin domestic and international negotiations in an attempt to gain time and secure the resources necessary to stabilize the internal situation.

This will be the occasion for the U.S. and the international community to obtain maximum leverage. Both should provide generous assistance but with attached strict conditionalities. For its part, the United States, as envisaged in the Cuban Democracy Act, should relax the economic embargo and provide bilateral assistance in step with Cuba's progressive liberalization. It should additionally work to ensure that assistance from international and multilateral assistance is also conditioned on respect for human rights, political liberalization, preparations for internationally supervised elections and market reforms.

Finally, assuming a positive transition towards a stable and democratic form of government, the United States should welcome Cuba into the family of the Americas and conduct its relationships with Cuba as it does with other friendly, democratic, and sovereign nations.

#### **STATEMENT OF AMBASSADOR JOSE SORZANO, FORMER SENIOR DIRECTOR FOR LATIN AMERICA, NATIONAL SECURITY COUNCIL**

Ambassador SORZANO. Thank you, Senator. I, too, am very pleased and honored to be here.

Let me say before I start that Professor Dominguez is absolutely right. There has been 30 years of predictions on one side concerning the imminent demise of the Castro government, and those predictions have, year after year, been proven false. I think the truth be told, however, this has been like a 30 year tennis game between Chrissy Evert and Martina Navratilova. It is repeated time and time again.

I would like to point out to Professor Dominguez that the fact is that on the other side there have also been 30 years of predictions that any approach to Castro would find him reasonable, open, flexible, capable of modifying his positions and reapproaching the United States. But this prediction has always been found wanting on the part of Castro. It takes two to tango, and this particular Castro apparently does not like to tango.

I would like to summarize my statement into five principal points. We have heard a lot about the economic collapse on the island and I think that this is tangible, measurable, and undeniable. Even Fidel Castro last Monday could not anymore deny it or hide it. He acknowledged it and he revealed some of the statistics which I believe will prove to be probably an underestimation of the problem. As we have seen in the Former Soviet Union, this type of government has a knack for the falsification and manipulation in the optimist side of their statistics.

But I believe that there is at the same time another crisis brewing in Cuba which is not as tangible and certainly is not quantifiable. This is the crisis of legitimacy and the crisis of authority of the regime. It is simply not possible for 34 years to promise a just society, to promise a socialist paradise, and year after year to find this aspiration recede and even come farther from becoming a reality. I believe that this type of situation has to necessarily undermine the credibility of the leadership and has to undermine the legitimacy of the regime.

When you combine both, when you combine downward social, economic and even health trends, with skepticism about the authority of the government, with skepticism about the leadership of the regime, you have—to borrow terminology from the left—a revolutionary situation. This revolutionary situation that we face today in Cuba I believe has forced Castro to take, against his desires, a number of measures, such as the ones he announced last Monday. I believe that these measures are too little, too late, and they are likely to have far reaching and negative consequences for Fidel Castro.

For instance, the dollarization of the economy is going to have an enormous inflationary impact on the peso. As individuals learn that they can obtain their daily needs by having a dollar, they will seek a dollar and reject pesos. At the same time, prices in a centrally commanded economy will now be set by the market, not by the dictates of a bureaucracy. And finally, what kind of central command economy could you have when the currency which is circulating in the society is not under the control of that particular government.

I believe that this is perhaps—and I want to underscore the word perhaps—something similar to that which Gorbachev began. In an attempt to save the Soviet regime, he began a series of reforms, re-

forms that went then beyond control and led to the unraveling of the Soviet Union.

Despite this revolutionary situation, as Lenin would say, power seems to be on the street, there is in Cuba no revolutionary group. So I don't expect to see any kind of generalized uprising of an enraged populace. I think however that much more likely is to see the forceful removal of the Castro brothers from power on the basis of some short burst of violence which will bring about a confrontation between the diehard Castro supporters and those who would like to get rid of the Castros.

There are only a few sources of such possible move. In a concentrated power situation like Cuba has had for 30 years, there are only a limited number of possible sources and those are the security forces and the military.

What I do in my presentation is to provide a laundry list of those events which I believe have necessarily impacted on the Cuban military. It is not possible to remain an island when the whole system is collapsing around you. It is not possible to remain unaffected when your former allies have disappeared. It is not possible to remain unaffected when the justifying ideology of the regime and that which defined to you who were the enemies of the state and who were the friends of the state and what your proper role was and what your relationship to the leader was, when that ideology has evaporated from the international scene. When the military in Cuba reassess their situation, when they recalculate, when Marxism is not their equation, their calculus will reach different conclusions.

So I believe that if there is going to be a move against Castro, it is likely to come from the armed forces. I grant that I have no particular information on this subject. I am not in the government. I am only trying to generalize from inferences I believe that are reasonable.

With regard to how we should behave towards Cuba, I believe that we should maintain the current U.S. policy. This is a policy that has been on the books for 30 years. It is a policy that has been implemented by Democratic and Republican, liberal and conservative Administrations, and it is a policy that I believe now more than ever is having an effect, due to the termination of the large subsidies that Cuba received from the Soviet Union. Today, as we have just heard, Castro has no credit, he is receiving no assistance from the Soviet Union, so it is now that the embargo from the United States is actually having maximum effects.

To those who say that embargoes do not have effects, I ask two questions. How come it did have an effect in South Africa? How come it did have effects in Haiti. And if it has no effect on Castro, if it would actually do damage to Castro, how is it that Castro is pushing in the United Nations, how come that Castro is pushing in the summits in Bahia in Brazil recently. He is sparing no effort to eliminate it. Castro may be many things, but nobody has ever said he is a political fool.

I therefore maintain that we ought to retain the policy of the embargo. It is having an effect. It has forced Castro to reveal to the world the failure of his model. And I believe that when a transition comes, then we ought to engage in a modulated removal of the em-

bargo, part and parcel with the reforms that may be coming in Cuba as they respect human rights, as they liberalize the economy, as they provide political space for the opposition to organize, as they prepare for internationally supervised elections. Then we ought to respond positively to those moves.

Thank you very much.

Senator GRAHAM. Thank you, Mr. Ambassador.

Both the Ambassador and Dr. Dominguez talked about while they support the embargo, they would propose to look at it as a multifaceted strategy and be prepared to moderate in response to Castro's response or initiatives. We have been waiting a long time for Castro to make some major initiative, particularly in terms of democratization and human rights.

Is there something in the current circumstances that leads you to believe that we might see an initiative by Castro that would be of such a quality that it would warrant a response in terms of a partial lifting of the embargo?

Ambassador SORZANO. Senator, I would like to clarify it. Perhaps I was not clear enough.

I don't believe that Castro is in a position and will ever make any type of concessions that directly affect his power. Like Ambassador Gelbard and Brian Latell, I do believe that this is an individual that is allergic to any relinquishing of power on his part. When I said that we should respond modulating, lifting the embargo, I was anticipating a scenario that I have in my paper, namely in a transition government, in a post-Castro government, which probably will be some kind of either strong man, military strong man, or a junta or some type, I believe that they will be desperate, they will have to negotiate domestically with the Cuban population, and they will have to negotiate internationally in order to try and stabilize the situation. It is in that response that the United States ought to modulate the embargo.

Senator GRAHAM. I apologize if I misunderstood your original statement. So your position is that the embargo should not be a subject of negotiation as long as Castro is in power.

Ambassador SORZANO. Correct.

Senator GRAHAM. Now, Dr. Dominguez, did I correctly interpret your—

Dr. DOMINGUEZ. You did; you did. Thank you, Senator.

Senator GRAHAM. What do you see as the tit for tat, as one of the panelists said relative to Castro initiatives and embargo or modifications?

Dr. DOMINGUEZ. All right. I would separate the embargo question into a couple of categories. There is an array of policy changes, which the Bush Administration began to consider and which the Clinton Administration is continuing to implement, which are in the interest of the United States to pursue virtually no matter what the Cuban government does. And that includes things like telephones, it includes direct mail, it includes facilitating exchanges so that Cubans who might rebuild the future of a different Cuba actually are trained and learn about it in the United States through fellowship programs and academic exchanges.

It seems to me that all of those are worth pursuing as soon as possible, building on initiatives of the current and the past Admin-

istration. The main effect of those policies would be to complicate Castro's political situation at home.

The remainder of the embargo, as I indicated, I would retain and I would use it for negotiations. The question is, very properly and as usual very perceptively put by Ambassador Sorzano, would Castro ever make a concession. I would understand concession as meaning doing something he would rather not do. Well, he just has. He has agreed to legalize the holding of dollars in Cuba.

Now, I cannot forecast what would be Castro's next concession, or what concession Castro might make to the United States. But to say that you give up the sovereign right to control your currency is a major decision, not only in terms of economics, but in terms of politics. Surely Members of this panel have heard over the years that Fidel Castro wants to control every dimension of his economy, his society, and his country's politics. Allowing the dollar to circulate is not just an economic measure. It is a political measure that shows that he can no longer govern as he had.

So I would take therefore the view that this is an especially opportune time, not because he would like to, but because he no longer has the choice that he did before. The time has come for the U.S. to test the question. And then, if I am wrong, I will be the first to say so publicly. But it seems to me that we now have the opportunity we have not had in decades past to understand that this is a leader now making concessions. And it seems to me that we could try to test whether we can get him to make more. We have not yet followed that policy, and I think we now have a window to try to go through it and do it.

Senator GRAHAM. Dr. Maingot, I believe the tit for tat phrase was your's. What would you look for in the offer/counter offer, between the United States and Cuba.

Dr. MAINGOT. Well, Senator, the problem is that when we say we are looking for a sign from Castro, it is impossible to look for a sign from Castro which is a concession to U.S. pressure. I happen to believe that anti-Americanism is one of the forces that drives Fidel Castro. It is a fixation with him. It is virtually clinically pathological. Very unusual in Cuba where anti-Americanism was always tempered by a certain pragmatism. Even Jose Marti, who was very suspicious of the United States, invariably used to write that Cubans would always need the United States, and, as such, Cubans had to behave in an instrumental, strategic manner with the United States. Fidel Castro has extraordinary difficulty doing that.

Now the problem is if we keep on fixing on Castro's anti-Americanism, we make a mistake. I agree with Jorge Dominguez: What we have to do is not so much respond to his statements as to his actions. For instance, he has now said that potentially 30,000 Cubans can go to Cuba; now, even if they each only took what the United States law allows, which is \$300 per quarter per person, multiply \$1,200 by 30,000 and see how much money is going into Cuba despite the embargo. I would ask those who advocate keeping the embargo, how much money is the embargo stopping from actually going into Cuba? The fact is that Cuba has little to buy or sell. If it has no money, it is not because of the embargo.

I believe we should take the initiative. We should set out the conditions for a lifting of the embargo. I would start with the release

of the political prisoners. It is a very important step in Cuba. I would then propose that greater freedoms of expression be allowed. Even if you start with minimal demands and get minimal concessions in return, at least you get off square one. We should no longer have to sit and hear, as we have at this hearing, that for three decades there has been an utter consistency of United States policy, and that consistency will continue despite the type of question that Senator Chafee has asked: "what has it done?"

My point is that the opportunity is now. Castro is on the defensive. Take him out of his preferred ground which is the ground of symbolic action vis-a-vis the United States, and put him squarely on the ground of explaining his economy. How exactly we do that is, of course, an empirical question for policymakers. The way we will never do it is through continued isolation. We don't do that with China. We did not do it with Chile. We are doing it less now with Vietnam. We did not even do it with South Africa. Contrary to what was said here, that the embargo worked in Haiti, very dubious question. What worked in making the Haiti private sector come forth and say, okay, let's start talking, was the promise of a \$1 billion aid package. We've got to use the carrot and the stick. We have not used the carrot with Cuba; we have only used the stick.

Senator GRAHAM. Senator Kerrey.

Senator KERREY. I would actually like to just sort of let this flow back and forth without necessarily allotting time, because I think—I don't want to stop the discussion. I would just like to stipulate some things and see if there is agreement.

Do you agree that the Cuban is no longer any kind of a military threat to the United States? Is that—Ambassador Sorzano, do you—

Ambassador SORZANO. I would say it is severely diminished, almost to the point in which only a crazy or kamikazi act on his part might—might be undertaken.

Senator GRAHAM. To follow up on that question. We've heard reports recently that Castro is going to reduce his military by a substantial percentage, 30 to 40% or more. Do we have any information as to how he is reducing his military? Is he reducing those things such as his air force that could potentially be a threat to the United States? Or is he reducing his internal security and defensive apparatus? What does his own actions vis-a-vis constriction of the military say about his strategy?

Dr. DOMINGUEZ. I have no information other than what I can observe—no classified information. But let me illustrate with a couple of points. It appears for example that the very old, few submarines that the Cuban navy had have become essentially inoperable. Secondly, the military maneuvers that have been held more recently are mainly maneuvers about territorial defense through the use of infantry in order not to use fuel for motorized equipment, tanks, and the like. The military capability of what was once no doubt an effective army—they fought in three wars on the African continent—is now only a pale shadow of what it once was. It is an army that can still do damage against someone who might wish to attack Cuba. We are not going to do it; I can't imagine anyone else

who would. But it is an army that, I think, no longer has an offensive capability as it once no doubt did.

Senator KERREY. Is there anybody on the panel to suggest that a piece of our military policy should be engaged in a containment strategy of Cuba?

Ambassador SORZANO. There only has been speculation, Mr. Senator, on the possibility that Fidel may have a spasm in the last hours of his government. And given the really profound anti-Americanism that he has manifested throughout the decades, that he may decide at the last minute that he is not going down alone and that he is going to take down something with him. And that is—it is speculation—that is what I meant, and I agree with Jorge that I don't believe that he now has the capability he once had to project power abroad. On the other hand, he may have the capability of doing some crazy thing like this.

Senator KERREY. To follow the second question, really, I am going to assume the baseline that the threat from Cuba to the United States is minimal, that we still have got some terrorism problems, some problems of narcotics, but those are problems that we have throughout Latin America, and we need to address those, it seems to me, in a larger context.

Secondly, is it fair to say that the Cold War struggle over Cuba is over? I mean, as far as we are concerned, there was a time when the panel would be talking about the Soviet Union presence in Cuba, their building up—their building Cuba as a beachhead in Latin America. That certainly is gone today, is it not?

Dr. MAINGOT. Senator, my understanding that even the Lourdes base, which has discussed in this hearing, which is the most significant Soviet listening operation, is mostly commercial and industrial intelligence now, rather than military. That is my understanding.

Dr. DOMINGUEZ. And that is the only footnote, if you will, to the statement with which otherwise I would agree.

Ambassador SORZANO. I would say that it is not because Castro has changed. It is that there is nobody now who wants to use Cuba as an aircraft carrier to project power abroad.

Senator KERREY. Sure. But it is a rather substantial change, and I just want to acknowledge that it is there and in the open as we try to determine what our policy is, it seems to me that we are left with a country that is governed by someone whom we dislike and a system that we find to be abhorrent, and that the objective here now is not to contain Cuba, it's not to confront the Soviet Union, it's to try to assist the people of Cuba to the attainment of democracy.

Ambassador SORZANO. The nature of the problem has changed and I think it has become more manageable.

Senator KERREY. Democracy is the goal; self government is the goal.

Ambassador SORZANO. Right; yes.

Dr. MAINGOT. Could I say one additional thing. Very significant is the recent message of thanks that the new president of Guatemala gave the Cuban government for helping him establish negotiations with the guerrillas in Guatemala. This is a shift. Instead of a Latin American president accusing Cuba of sponsoring terror-

ism, he is thanking him for his assistance in trying to bring this war in Guatemala—which is a terrible war—to an end. There is a tremendous shift militarily.

I don't think the Cuba issue should be discussed in military terms except in terms of the internal, to Cuba, use of the military. What role will they play internally.

Senator KERREY. I am just trying to make an effort here to see if there is consensus amongst the three of you as to what our foreign policy goals should be. And I wanted to clear away some of the brush here that was there in previous years. I mean there used to be a potential military threat, there used to be a Cold War struggle. It seems to me those are either gone or so small as to be insignificant and that what we are left with is a military dictatorship, a leader who we would like to see gone. I mean, we would like to see democracy on the island.

Ambassador SORZANO. I would, not presuming to speak for the other two panelists, but I would venture the guess that we would be in agreement that what we need in Cuba is democracy, respect for human rights, that we all would prefer a peaceful transition. That the system today has failed and is not working and that the only disagreement among us is how do we get there from here.

Senator KERREY. But I think it is very important to establish what the goal is. It is by no means certain, it seems to me, that when you transition from a dictatorship, and one dictator goes, that the immediate aftermath of that is democracy.

Ambassador SORZANO. You are right; it is not.

Senator KERREY. It seems to me that if we focus on the elimination of Castro and don't think about what it is that we're trying to accomplish for the people of Cuba, trying to assist them in accomplishing, that we will miss that.

Dr. DOMINGUEZ. Senator, I think that is a very important point. Agreeing very much with what Ambassador Sorzano just said, this is also one reason why we would all want, I think, on this panel, as I am sure you and Senator Graham would, a peaceful transition. Suppose you take a scenario, a realistic analytical scenario that Professor Sorzano mentioned briefly, namely that there would be substantial violence as a mechanism for political change in Cuba—a military coup or conceivably civil war. It seems to me that would not only be bad for the Cuban people, but also bad for the United States. A civil war in Cuba or a coup would not be over in 24 hours; there would be continued struggle. The chances for U.S. military involvement in that case are very high.

That point is not related to the issues that you quite properly were indicating are no longer part of the agenda. Instead, the key is that a prolonged civil war in Cuba would be likely to involve the United States in a variety of ways, and it would also increase the number of people in Senator Graham's state through a refugee migration that would be uncontrolled.

Senator KERREY. I will just say, and then I'll yield back, just say that we are acquiring a considerable amount of post-Cold War experience in making transitions for democracy. Some of them successful. Cambodia. In a region, by the way, where I am told that when I talk about human rights in Vietnam, I am told that I am naive and we should not put human rights and democracy on a

road map towards normalization with that country, 70 million people with a substantial military. I am told, well that's naive to talk about human rights. Maybe I am. We've been very successful in Cambodia to date. It is by no means clear that we will wrap it up. But thus far it looks very good. Extremely unsuccessful in Yugoslavia. We rushed to recognize Croatia and Slovenia and we said, oh, this is terrific, we're going to recognize all these new leaders, and then catastrophe falls.

I mean those aren't the only two examples but they are the extreme examples. And it seems to me that what we ought to be trying to do in this open session and beyond is to come up with a strategy to move to a point where we have got democracy on the island. And that, it seems to me, is going to require us to shake off some of the preconceptions of the past that are based upon conditions that have changed in a very, very radical way.

Senator GRAHAM. I would like to pursue that line of questioning. A few years ago, the question was sometimes asked, will Cuba make its transition like Czechoslovakia, Velvet Revolution, or will it be Bulgaria, a violent, bloody transition. Assuming that it is in particularly the interest of the people of Cuba, but also in the interest in the other peoples of the world and specifically the United States, not to have a bloody transition and a civil war and a country that is even more in chaos, what strategies would you suggest that you think would most likely lead to a Czechoslovakia form of transition in Cuba?

Dr. DOMINGUEZ. I think, regrettably, that a Czechoslovakia form of transition is unlikely. But as I think about potential forms of transition in Cuba, one of them is, again, the one that Professor Sorzano briefly alluded to and that we just touched on, one that would be violent. And that one is clearly not in the interest of the United States nor of the Cuban people.

The kind of transition that I would like—that I think one can work for in Cuba to make war less likely but that would be consistent with the transition to a new regime is what one observed in some Eastern European governments—East Germany comes to mind where Honecker wanted to hang on. We had politics in the international environment so complicate the domestic circumstances of the leader that one could observe a coalition developing inside the government that moved the old regime out.

That suggests, however, I suspect in the case of Cuba, a fairly long time frame, not something that would occur quickly. It also suggests, as was the case everywhere in Eastern Europe, the need for a different international environment. The West German government had important relations with the East German government. The United States had a very active foreign policy with regard to Poland, an early transition country. All the Europeans, and the U.S. government, had an active policy towards Hungary.

That is why, Senator, I was urging that a policy such as the Reagan Administration pursued towards communist countries be adopted towards Cuba. The only reason why my comment is noteworthy is that such is not what our policy has been. I think that it was a successful policy in Europe. The key to the success involved pressures, sustained pressures, but also engagement, the hope that there was a light at the end of the tunnel, that there

were good things that could be done to foster régime changes, that we would help them to bring about such changes. It takes a while, it takes some effort. It is somewhat different from what we have done in Cuba. I think that change in Cuba will not be a Velvet Revolution but it also need not be a Rumanian style coup nor a Yugoslavia type civil war. Peaceful change in Cuba is very difficult but it is possible. And I would want to work in that direction.

Ambassador SORZANO. Senator, I would agree that regrettably the likelihood is violence rather than a peaceful transition. I have the hope, however, that the violence will be short and it will not be a protracted civil war. And I base that hope on the very dramatic economic facts of the island. There just is no fuel to maintain intense warfare for more than, I would believe, a few hours, at the most a few days, weeks.

The reason why I don't believe the policy of engagement that Professor Dominguez mentions could work in Cuba, is that unlike the other countries in Eastern Europe, there is no Solidarity in Cuba, there is no leader like Walesa, there is no militant church. The fact is that Castro has been a political black hole. He has brought in to him all the political decisionmaking of this country for three decades. And if we were to have a policy of engagement with Cuba, it would be hard to visualize with whom else would you engage except with Castro. And if we engage with Castro, we essentially are strengthening the problem. We are strengthening what is the source of the problem. We are providing more energy to this particular black hole.

So I believe that yes, it would be highly desirable if it would be possible to have a multilevel approach to Cuba in which we would be able to talk to some autonomous entities in Cuba, but I don't believe they exist, and consequently to the only possibility of a dialogue with Cuba is with Castro, and that complicates the problem.

Dr. MAINGOT. Senator, I think that there are two major fracture lines in Cuba. One is racial and the other is urban-rural. The Cuban revolution has been decidedly anti-urban. It has allowed urban Cuba to decay. You see it visibly. They have invested nothing in urban Cuba. Havana, clearly one of the glories of Spanish urban development, is today like a bombed out city.

Those two fracture lines could lead to a conflict which could be a veritable civil war. You have in Cuba hundred of thousands of veterans of the multiple wars in which they have participated. They have millions of guns. They don't need petroleum; you could fight with machetes. A civil war in Cuba would be something awful. It would be racial; it would be urban-rural. It will probably lead to calls for a humanitarian intervention. All this is too awful to behold in terms of the future of Cuba, considering the damage that will be done and the costs of rebuilding that island after such damage. I have visions of a Haiti occurring there.

What we should be considering is Cuba's adoption of the Chinese model. It is my understanding that this is what they are looking at as well as the Chilean model. In that model, the army becomes the guardian of the system. It's like Pinochet and the army are today in Chile. After 16 years of dictatorship, Pinochet sits back but retains command as he allows the system to evolve. This is what is occurring in China. Capitalism is growing in China. And

the last thing the Cubans want—and this is evident in all their recent writings—is a chaotic situation such as they perceive exists in the Soviet Union. What is happening in Russia and the Former Soviet Union, is exactly what they don't want. And that is why they are looking at some form of authoritarian transition, a la Chile or China, which are quite different cases, but with very real similarities in many ways. In sum, the prospect of waiting for violence to take out Fidel Castro and that event might last only a few hours, is in my opinion, a terrible illusion.

Senator KERREY. Can I follow up on that, Senator?

Senator GRAHAM. Certainly.

Senator KERREY. It seems to me that it is possible that our own policy could produce the very violence that I hear you discussing. Let me pursue, Ambassador Sorzano, your statement that there is no one in Cuba with whom—no alternative leadership with whom we can negotiate. Where is the alternative Cuban leadership?

Ambassador SORZANO. In getting to answer your question, let me make a big distinction between Chile and Cuba. Chile had been a working, functioning democracy until the Pinochet regime. There was a tradition of parliamentary democracy there. There were political parties. There were partisan loyalties going way back. So consequently, what the United States did at that time, and I was involved in those things, was essentially to put relentless pressure on the Pinochet regime to hold elections. The National Endowment for Democracy provided assistance to the parties. We allowed the system to work until eventually there was a plebiscite and then an election.

But there were those structures in there which were independent of the armed forces and which were independent of Pinochet. I don't believe that there is anything remotely approaching that in Cuba today. Who are the potential alternative sources? Obviously the Cubans outside of Cuba don't count in this particular thing because you have to deal—this is a Cuban problem that has to be resolved in Cuba.

I believe that there are a number of human rights activists, but so far they are small, they are isolated, the government keeps them on the defensive, and while we are doing everything that we can in order to put the spotlight on them—

Senator KERREY. Can I interrupt you?

Ambassador SORZANO. Sure.

Senator KERREY. You say that obviously the Cubans who are living in the United States can't be engaged because this is—

Dr. DOMINGUEZ. No. What I am saying is that the dialogue that we are talking about is one possible way to promote a peaceful situation, a peaceful transition in Cuba, can by definition not include the Cubans who are outside, because the Cubans that are outside are not interlocutors in this particular case.

Senator KERREY. They're not?

Ambassador SORZANO. Because what we are trying to talk is to groups that may be the basis for the gradual transition, the devolution of power from a centralized government of Fidel Castro, to alternative and autonomous sources in the island and those Cubans living in the United States are outside of the island.

Senator KERREY. My understanding is that there is Cuban leadership—Cuban-American leadership here in the United States that would in fact return to Cuba, consider themselves as part of the alternative.

Ambassador SORZANO. Oh, I would say that they are, but I would say that the only way that they could actually become real leaders in Cuba is by obtaining the allegiance and acquiescence and loyalty and support of those who are on the island.

Senator KERREY. Realistically the Cuban-American community in the United States of America has, to say the least, a very big influence on the foreign policy of the United States towards Cuba, would you agree?

Ambassador SORZANO. And they will play a role in the reconstruction of Cuba, I would say, *mutatis mutandi*, similar to that which West Germany is doing East German. They will have—

Senator KERREY. I don't think there is anything comparable here, I must say. I don't think there is a comparable situation where the likely leadership in a democratic Cuba is in the United States.

Ambassador SORZANO. I agree.

Senator KERREY. No? You say no?

Ambassador SORZANO. No, it is not in the United States. Although there are interesting figures emerging in Miami who are willing to discuss with the Cubans. I would mention one: Eloy Gutierrez Menoyo. And his strength is not very well known, but is growing. And he certainly has the credentials having spent 22 years in Cuba's jails and having fought in the hills against Castro. These are people who realize they do not want a destruction of their country, and this is what they are afraid of.

Senator KERREY. I am just—what I am trying to get to eventually, and let me describe an alternative, a negotiation that took place in another part of the world that I believe prevented violence. At least it seems to me that is has. I mentioned Cambodia. I think we prevented violence by virtue of what the United Nations did. But we had to get people who hated one another together to agree to form a coalition government. I mean that is essentially what we did.

We saw a non-governmental effort recently in attempting to negotiate a wide gap and differential between people living in Hungary and people living in Rumania. And you know, it seems to me that is what we are talking about here. The goal is a government in Cuba that we consider to be more along the lines of what the people of Cuba themselves want, it seems to me at some point we have got to talk about how do you negotiate, get to that point. And what steps can we take, in short, to prevent the violence that we are saying is likely to occur if we just allow the status quo to roll on.

Dr. MAINGOT. Well, Senator Kerrey, if you spoke that way in certain circles, you would be considered to be quite a rebel.

Senator KERREY. Well, I understand that.

Dr. MAINGOT. The point is that we don't discuss Cuba in those terms. But, those are precisely the terms in which we should be discussing Cuba. We don't. We have put Cuba in a completely separate category, which, from the point of view of political theory is illogical; from the point of view of historical practices is also illogi-

cal. We keep isolating Cuba as if it were totally *sui generis*. The whole goal should be to discuss the precise issues that you are raising, Senator.

Dr. DOMINGUEZ. One aspect of the Cambodia analogy that you mentioned, but also one that is part of some of the good things that are happening in formerly communist Central and Eastern Europe, is international cooperation, working with a variety of groups, even quite disparate groups. Cambodia, of course, is the extreme example of disparate groups. That analogy presumes that the United States would be working in concert with its allies and friends.

With regard to Cuba, the United States stands alone. And it is our allies and friends who, at the Ibero-American summit in Brazil and at the United Nations General Assembly this past Fall, asked us to change our behavior towards Cuba, even if only slightly, in order to make possible the kind of international collaboration that could envisage working jointly towards a peaceful transition in Cuba.

Ambassador SORZANO. My point with regard to dialogue, obviously dialogue is the civilized way of resolving problems. It is highly desirable. The question has been, how can we utilize dialogue to promote a peaceful outcome in Cuba. And my question then was, with whom are we to dialogue? And this is why I made the comparison with Chile. This is why I made the comparison with the Eastern European countries. Having a dialogue among ourselves in Miami or between Washington and Miami, it seems to me advances us nothing, because a dialogue has to be with those who are in some position to ameliorate the conditions in Cuba.

And my point is that who could that possibly be in Cuba. If it is with Castro, I would be opposed to that because I believe that dialoguing with Castro would essentially bring about the conditions that we want to avoid. Namely, we will be strengthening him as opposed to weakening him. If there were other figures, if there were some Yeltsins, some Walesa, some Havel, some Solidarity, some Cardinal, then I believe that that would be an entirely different proposition. And that is why I am skeptical about the possibility of promoting a peaceful outcome.

Dr. DOMINGUEZ. Maybe I can address Ambassador Sorzano's point briefly. One can ask the question retrospectively. Have there been differences in the Cuban leadership which might have made it possible at some point to envisage that level of change? The answer is yes. What has occurred in recent years is that persons, whether in the armed forces—which after all is one of the hypothesis that Jose has mentioned—or in the civilian political leadership, have differed and have been removed from power by Castro. And one prominent general, division general Arnaldo Ochoa, was executed.

So this political regime has not been so monolithic, even at times when Castro was stronger. I would thus venture the possibility that even today there may be a variety of tendencies and differences of opinion at the top of the leadership. And if there were a somewhat greater disposition to test the possibility of negotiation, it may be—that is all that I can say because I do not know for sure—that these other potential interlocutors would begin to

emerge, as they did even within the communist parties of Eastern Europe some years ago.

So it seems to me that we know from the past that there have been some such divisions. Ambassador Sorzano's own hypothesis posits the possibility that there would be divisions. Therefore a policy that would begin to act on the proposition that we would look for such divisions and seek to engage various Cuban leaders seems to me to be helpful. Castro is not the only possible interlocutor.

Senator GRAHAM. What concerns me is that within the last couple of weeks there have been or are today on the table items to which Castro could demonstrate his desire to move forward. One of those is the telecommunications agreement which has been submitted and as of this afternoon, no response from Castro.

Second, at the Brazilian summit, I think it was Mr. Alberto Montinere, who is the head of one of the political parties in exile, made a proposal which was to have some joint discussions with exile and dissident groups within Cuba meeting in a formal way with the Castro government. Castro, according to the newspaper, rejected that out of hand. What do those two recent opportunities for the commencement of some dialogue and there at least the silence in the former and the rejection of the latter say about Castro's interest?

Dr. DOMINGUEZ. In the case of the silence with regard to telephones, what I suspect is happening in Castro's mind and at the top of his government is what to do with regard to the one change that the U.S. Government was not willing to adopt: namely, whether to release the roughly \$80 million in the so-called blocked account for revenue due that Cuban telephone system from the past.

I think that the U.S. government's proposal on telephones is very well designed. I applaud it. I hope that the Cuban government accepts it. Suppose the Cuban government comes back and says we would accept it but only if we clear the decks, that is, if the Cuban telephone system receives the \$80 million, roughly speaking, due from the past. I would say immediately, personally, yes, because it seems to me that the objective ought to be not the narrow one of counting sums of money—\$80 million is a large sum of money but it is not going to save the Cuban economy. The clear objective is to open up communications towards Cuba and to stop assisting its government to censor information. I suspect that this is the issue that would rise to the table when the Cuban government responds.

With regard to the Cuban government's relations with Cuban-Americans broadly speaking, or particular members of the opposition, that seems to me, even as we speak here, Senator, to be a changing policy. Professor Maingot mentioned the potential influx of tens of thousands of Cuban-Americans to visit Cuba. Admittedly, the Cuban government wants their money. But it begins to have corrosive political effects, as it last did in 1979, when 100,000 Cuban-Americans were allowed to visit.

Whereas, at the Madrid summit of Ibero-American heads of government, only a year ago, Cuban government officials roughed up Cuban-Americans who attempted to engage in conversation with them at the more recent summit in Brazil, there was still a very cool reception, and particularly cool with regard to some opposition leaders, but there was a much more civilized response to others.

It would seem to me that one of the policies of the Cuban government that we are likely to see changed is that towards the Cuban-American community and, no doubt, more towards some groups, organized groups, in the community than to others.

So I think we will all have the opportunity to see changes on both counts.

Ambassador SORZANO. I would note that there was violence in Salvador, Bahia as well against Cuban-Americans. But I would, and I match Jorge, I would say that the personality of Fidel Castro has not been misjudged. That we have had ample time to get a good fix on him. This is an extraordinary individual. Not everybody can withstand all the problems and the opposition that he has received throughout this time and survive for 34½ years. And this is an individual who does have a touch for politics and he may change and he may weave and he may bluff and he may smile and he may frown, but consistently his goal is to maintain maximum power.

I believe that a dialogue with Fidel Castro is going to be a charade. Fidel Castro is going to utilize this dialogue in order to continue to buy time for the preservation of his dearly beloved revolution. But in no way, I believe, is he going to be willing on the table to, in good faith, negotiate away part of his power. It is my psychological appreciation of the man. I could be wrong, but I think that the evidence is on my side and not on those who believe that he will be willingly agreeable to relinquish any portion of his power.

Senator GRAHAM. Thank you.

Dr. MAINGOT. And I think one of the strengths that the United States has going for it in any dialogue is the fact that the Cubans sincerely like Americans. I made six trips to Cuba. The depth of Cuban interest in patching up things with the United States is very, very real. Fidel Castro knows this. Even the hated Miami is a magical city in Cuba. These are positive forces which we have not used. We have not used them correctly. It is not possible, for instance, to have a policy which on the one hand imposes an embargo, but this is what the embargo allows: some telecommunications, some travel, some other humanitarian assistance, so that the Cubans should negotiate with us on those marginal elements, but not on the embargo. That's not possible. It is not possible with a man like Fidel Castro. What you have got to do is to say the whole issue is on the table. Let's do it on a quid pro quo basis; let's talk about it. But if you are mainly talking about some ancillary humanitarian issues while you keep squeezing the embargo with measures—now even coming out of state legislatures—it is not going to work that way. I think what we need is some strategic use of the positive resources we have, the tremendous good will we enjoy.

Senator GRAHAM. Doctor, that is very appealing, but when Castro makes statements as he has done within the last 30 days, that says, you know, I have learned the lessons of Czechoslovakia and Poland and the Former Soviet Union, and I am not going to repeat them. That doesn't create an atmosphere that indicates that a serious discussion is about to follow.

Dr. MAINGOT. Senator, he also said, I am not a dogmatist, I am a pragmatist. The man is starting to twist in the wind. You have

to force that wind to twist him even more. Don't just listen to what he is saying, listen to what he is doing, even: has to do.

Senator GRAHAM. Well, shutting one's ears and just observing with what senses are left, it doesn't seem to be actions that would indicate a serious willingness or interest in taking concrete steps without words that would be the opening towards a readjustment of relations.

Dr. DOMINGUEZ. Senator, you are quite right that he has taken very few steps. There is no question about that and I am sure we all have agreed. But let's observe an important behavior. You know very well that at the very foundation of this regime, there was massive expropriation of foreign property, and condemnations of foreign firms have been part of the rhetoric as well as of the behavior of that government for a long time. Over the last four years in particular there has been a very significant change both in the words uttered and in the behavior observed.

This government now welcomes foreign firms to invest in Cuba on remarkably favorable terms. There really have been changes. Most of the changes have been in the area of economic policy. Even those changes have political consequences. Dollarizing the Cuban economy legally has enormous political consequences. The issue, it seems to me, is can we now take additional steps so that he will have no choice but to take additional steps, not only in the economic area as he has, but also in politics? That, it seems to me, is the agenda for the future. Not to rely on his good will, not to rely on his being benign, not on his wanting to make these changes, but in his being forced to do so.

Senator GRAHAM. I have been told now five times in the last twenty minutes that we have to conclude this hearing, but it is so interesting it is hard to do. And I can't leave with your last comment unexplored.

What—what are some steps that you think would be the initiatives that might lead to political reforms that would begin to parallel the openings that you indicated have occurred economically?

Dr. DOMINGUEZ. Those are clearly by far the most difficult. In some respects within the last twelve months, there have been some setbacks, Senator, which I don't believe have been mentioned. Let me mention one. Last December, December 1992, there were nationwide municipal elections, and I think there is reasonable evidence that fraud was committed; it can even be documented to have been committed by reading the public reporting of the ballots that were cast null or blank. As one thinks of a democratic transition, not just of Castro's removal—a point that several Senators have made this afternoon—the issue of the transparency of elections has become a problem.

I am not trying to suggest in my remarks that everything has been moving smoothly; that clearly is an example of a setback. But it seems to me that it is the evidence of openings that is especially significant. One can even begin to work with a policy such as dollarization policy that will be extraordinarily difficult for the Cuban government to manage. There will be the question of remittances from Cuban Americans, many of your constituencies. There will be requests by the Cuban government, eventually I am sure, for support from the international financial institutions. There will

be opportunities for discussions of this sort. I think Professor Maingot gave us a very good first start: release of political prisoners. Amnesty International reports that there are about 500 political prisoners in Cuba. My own guess is that the number is larger. But that would be a good first step, a good signal that there are political changes in Cuba. The release of political prisoners would in no way threaten the Cuban government even now, but it would begin to demonstrate in a tangible and important way some changes. That would be the kind of thing that I would want to do.

Just to give you a second and last example, seems to be willing to envisage having people from outside Cuba who come from non-governmental entities, including journalists, be in Cuba on election day. Well, that is not quite allowing the monitoring of Cuban elections, but it is the beginning of a step towards something of this sort, which again, it seems to me, we should encourage. These would all be very modest changes. None of us would be satisfied just with these steps. But these are among the suggestions I would make for first steps.

Senator GRAHAM. Well, it will be interesting to observe what response Castro might make, in continuing economic reforms and in moving to a political agenda. Maybe he will become less frightened then the prospect of Prague.

Thank you very much. I appreciate this very informative discussion. I look forward to personally and on behalf of this Committee, the opportunities of continuing what I think is going to be a significant period of transition in Cuba.

Dr. DOMINGUEZ. Thank you, Senator.

Dr. MAINGOT. Thank you, Senator.

Ambassador SORZANO. Thank you very much, Senator.

[Thereupon, at 6:10 o'clock p.m., the hearing was adjourned.]

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